Supreme Court, U.S.
FILED

No. 02-011855 JUN 18 2002

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IN THE

Supreme Court of the United States

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP
Petitioner,

v.

SYMBOL TECHNOLOGIES, *et al.*,
Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether a federal court may adopt a doctrine of "prosecution laches" to shorten the time period expressly allowed by the Patent Act, 35 U.S.C. § 120, for filing patent applications.

2. Whether a federal court of appeals may refuse to follow a controlling rule of law, applied to similarly situated litigants in prior decisions, on the sole ground that the earlier decisions were unpublished.

PARTIES TO THE PROCEEDING

Petitioner Lemelson Medical, Education & Research Foundation, Limited Partnership was the appellee in the court of appeals. The appellants were Symbol Technologies, Inc., Accu-Sort Systems, Inc., Intermec Technologies Corporation, Metrologic Instruments, Inc., PSC Inc., Teklogix Corporation, Zebra Technologies Corporation, and Cognex Corporation.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Lemelson Medical, Education & Research Foundation, Limited Partnership ("Lemelson") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-19a) is reported at 277 F.3d 1361. The opinion of the United States District Court for the District of Nevada (Pet. App. 20a-31a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on January 24, 2002. A timely petition for rehearing was denied on March 20, 2002. Pet. App. 32a-33a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 120 of Title 35 of the United States Code provides, in part, as follows:

> "An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application."

Section 121 of Title 35 of the United States Code provides, in part, as follows:

> "If two or more independent and distinct inventions are claimed in one application, the Director may require the application to be restricted to one of the inventions. If the other invention is made the subject of a divisional application which complies with the requirements of section 120 of this title it shall be entitled to the benefit of the filing date of the original application."

STATEMENT

This case involves a claim by respondents that the federal courts should recognize and apply a non-statutory defense of "prosecution laches" to bar enforcement of patents held by petitioner. The district court dismissed the claim, stating that the terms of the federal Patent Act were controlling. The court of appeals reversed. Finding a doctrine of prosecution laches in two cases decided by this Court, *Woodbridge v.*

United States, 263 U.S. 50 (1923); *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924), it held that the patents could be held unenforceable "even though the applicant complied with pertinent statutes and rules." Pet. App. 4a.

A. *Statutory Framework.* The question in this case is straightforward: when must a patent applicant file a continuation or divisional application in order to get the full benefit of the filing date of an earlier application?[1] Section 120 of the Patent Act is the statutory provision addressed to that question. *See* 35 U.S.C. § 120. As a substantive matter, to assure that the new application is properly grounded in the old, Section 120 requires that the continuation application seek a patent "for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States" by the same inventor. *Id.*[2] Then, on the issue of timing, Section 120

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[1] "A continuation application is a second application which contains the same disclosure as the original application." 4 *Chisum on Patents* § 13.03[2] at 13-12 (1995). "A division or divisional application is 'a later application for a distinct or independent invention, carved out of a pending application and disclosing and claiming only subject matter disclosed in the earlier or parent application.'" *Id.* § 13.03[4] at 13-17 (1991), quoting U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure* § 201.06 (3d ed. rev. 1974). As these definitions indicate, patent applicants are not required to claim immediately all of the inventions that may be described in an initial patent application. They may add claims later through continuation and divisional applications, and under circumstances discussed in the text, those claims will be treated as if filed on the date of the earlier application. *See In re Bauman*, 683 F.2d 405, 408 (CCPA 1982).

[2] The first paragraph of Section 112 requires, among other things, "a written description of the invention, and the manner and process of making and using it" in such terms that a person skilled in the art can "make and use the same." 35 U.S.C. § 112 ¶ 1. Importantly, Section 120 does not require compliance with paragraph two of § 112, which relates

expressly states that the continuation application must be filed "before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application . . . ." *Id.* If those conditions are met, and a proper reference to the predecessor application has been made, *id.*, the statute declares that a continuation application "shall have the same effect, as to such invention, as though filed on the date of the prior application . . . ." *Id.*

Section 121 of the Act governs the filing of divisional applications. *See* 35 U.S.C. § 121. Rather than providing separate standards, Section 121 simply says that, to be treated as part of one continuous application with an earlier filing, a divisional application must "compl[y] with the requirements of section 120 of this title . . . ." *Id.* If it does, Section 121 states that the divisional application "shall be entitled to the benefit of the filing date of the original application." *Id.*

There is one statutory exception to the principle that compliance with Section 120 entitles a patent applicant to the full benefit of the filing date of an earlier application. Section 135(b) specifies that a patent applicant has a period of only one year from the issuance of a patent to another inventor to make a claim "which is the same as, or for the same or substantially the same subject matter as, the claim of [the] issued patent . . . ." 35 U.S.C. § 135(b).[3] As a result, even though an inventor makes the claim in a continuation or divisional application that is otherwise entitled to the filing date of a parent application, the applicant will be denied a

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to the presentation of *claims*. *See* 4 *Chisum on Patents* § 13.04 at 13-21 (1991).

[3] The copying of a claim from an issued patent provokes an interference, which is an administrative proceeding "to determine priority between two parties claiming the same invention." 3 *Chisum on Patents* § 10.09[4][c][i] at 10-389 (2002).

patent unless he presents the claim within a year after issuance of a patent to another inventor.

The Patent Act also contains provisions that address the filing of claims when one part of the time requirement of Section 120—that the claims be made *before* patenting on the predecessor application—has not been met. In that situation, Section 251 of the Act provides that the patent applicant may seek a reissuance of his patent. *See* 35 U.S.C. § 251. This procedure involves cancellation of the original patent and issuance of a new patent that includes the additional claims. The Act expressly states that, to expand the scope of claims, a patentee must apply for reissue within two years. *Id.* Moreover, unlike Section 120, Section 252 provides that a reissued patent is subject to certain preexisting adverse rights. *See* 35 U.S.C. § 252.

B. *This Litigation.* This case arises out of several actions commenced by respondents, seeking declaratory judgments that patents assigned to petitioner are invalid, unenforceable, or not infringed by respondents or users of their products. The patents, issued to inventor Jerome Lemelson, claim pioneering inventions in bar-code scanning and "machine vision." Pet. App. 21a-22a. The patents, which issued between 1978 and 1994, trace their origins through continuation, continuation-in-part, and divisional applications to parent applications filed in 1954 and 1956. Respondents claim, among other things, that even if Mr. Lemelson complied with all relevant statutory provisions and rules, including the filing requirements of Sections 120 and 121, the patents should be held unenforceable because of what respondents have termed "prosecution laches."

The district court dismissed the laches claim. Pet. App. 29a-30a. In so doing, the court relied upon an earlier decision of the same district court, involving the same inventor. *See Ford Motor Co. v. Lemelson*, 42 U.S.P.Q. 2d 1706 (1997). The court in *Ford Motor* had held that the time limits for

filing continuation and divisional applications were governed by the terms of the Act, saying that while "Lemelson's use of the continuation applications process may have exploited an open area of patent practice, the court should not intervene in equity to regulate what Congress has not." *Id.* at 1707, quoted at Pet. App. 30a. Following that reasoning, the district court below concluded that, regardless of the policy arguments made by respondents, it was "improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice." Pet. App. 30a.

The Federal Circuit reversed. The court of appeals began by stating that "the sole issue . . . is whether, as a matter of law, the equitable doctrine of laches may be applied to bar enforcement of patent claims that issued after an unreasonable and unexplained delay in prosecution even though the applicant complied with pertinent statutes and rules." Pet. App. 4a. The court then answered that question in the affirmative.

The Federal Circuit rested its conclusion almost entirely on two cases decided by this Court. *See Woodbridge v. United States*, 263 U.S. 50 (1923); *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924). According to the court of appeals, those cases established a broad "defense of prosecution laches," Pet. App. 5a, which imposed extra-statutory limitations on claims made in continuation and divisional applications. The "prosecution laches" doctrine thus provided "a defense to an infringement action involving new claims issuing from divisional and continuing applications that prejudice intervening adverse public rights." Pet. App. 6a, citing *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159 (1938); *General Talking Pictures Corp. v. Western Electric Co.*, 304 U.S. 175 (1938). In recognizing this doctrine, the Federal Circuit rejected the view, taken by a leading commentator on patent law, that the only laches doctrine established in *Webster* was a doctrine—

now incorporated in Section 135(b)—limiting the time to make claims copied from or substantially the same as claims in a patent issued to another inventor. Pet. App. 7a; *see* 4 *Chisum on Patents* §11.05[1][b] at 11-264 (1996).

The court of appeals then turned to the Patent Act itself. Quoting portions of Sections 120 and 121—but omitting the language of Section 120 setting the time for filing applications at "before the patenting or abandonment of or termination of proceedings on" a prior application (35 U.S.C. § 120)—the court observed that "[t]hese sections provide the backbone for the modern continuation and division practice." Pet. App. 8a. The court found, however, that "the legislative history and commentary from the authors of the 1952 Act suggest no . . . intent" to "abrogate[] the defense of prosecution laches" derived from *Woodbridge* and *Webster*. Pet. App. 8a. Relying in particular on a reference to "laches" in commentary on Section 282 of the Act—which provides for various defenses in infringement actions—the court stated: "To the contrary, a careful reading of the history and commentary on the 1952 Act shows an intent to maintain the defense." Pet. App. 9a.

Finally, the court refused to follow two unpublished Federal Circuit opinions, both of which had flatly rejected the doctrine of prosecution laches. *See Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir. Feb. 18, 1999); *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. May 26, 1988). Although it noted a holding by the Eighth Circuit that Article III required federal courts to treat all opinions, even unpublished ones, as precedential, *see Anastasoff v. United States*, 223 F.3d 898, *vacated as moot*, 235 F.3d at 1054 (8th Cir. 2000) (en banc), it found more persuasive the contrary view taken by the Ninth Circuit. *See* Pet. App. 10a, citing *Hart v. Massanari*, 266 F.3d 1155 (9th Cir. 2001). The court of appeals stated that "ideally once a principle has been established, it is up to the courts thereafter to apply it in cases

coming before them and at most to explain their decisions to the parties, not to add to the explosion of legal opinions." Pet. App. 13a.

Judge Newman dissented. Criticizing the decision to "creat[e] a new equitable cause of action called 'prosecution laches,'" Pet. App. 14a, Judge Newman noted that "[t]he long-standing rule, until today, is that when the statutory requirements for continuing applications are met, patents are not subject to attack on non-statutory grounds." Pet. App. 14a. Then, with respect to the opinions of this Court relied on by the majority, she noted that neither *Woodbridge* nor *Webster* had established what the majority said that they did: *Woodbridge* involved a patent applicant who had violated express statutory requirements and thus "lost his statutory right to the patent," Pet. App. 15a, and *Webster* involved delay in presenting "claims covering subject matter in an adverse patent." Pet. App. 15a.

Judge Newman further pointed out that Congress, in enacting the requirements for continuation applications, had "chose[n] not to place time limits on their use, beyond those placed by the statute." Pet. App. 15a. Observing that "[t]he issue now before us has been considered in various legislative proposals and rejected," Pet. App. 19a, she said that "[i]t is inappropriate for this court, under the guise of equity, to change the law and adopt the position that was rejected by the Congress." Pet. App. 19a. She concluded: "We should lay to rest this new source of uncertainty and variability in continuation practices, lest we insert a taint into every patent that has invoked these statutory procedures." Pet. App. 19a.

The Federal Circuit denied a petition for rehearing *en banc* by a vote of 4 to 3, with 5 judges not participating.

REASONS FOR GRANTING THE WRIT

This case involves an issue of exceptional importance in federal patent law: whether the federal courts may adopt a

doctrine of "prosecution laches" to limit the rights of patent holders who obtained their patents by filing continuation or divisional applications. For five decades Section 120 of the federal Patent Act has provided that patent applicants, having fully described and disclosed an invention in a patent application, may later claim that invention with the benefit of the earlier filing date, so long as the claim is made before a patent issued (or certain other action was taken) on the prior application. *See* 35 U.S.C. § 120. This statutory right reflects a long-standing judicial doctrine, recognized by this Court, that simultaneously pending patent applications—relying on a common disclosure—are treated not as separate requests for patent issuance but rather as part of one continuous application that bears the date of the original. *See Godfrey v. Eames*, 68 U.S. (1 Wall.) 317 (1864). In this case, however, the Federal Circuit set this established principle aside, holding that a patent applicant meeting all the requirements of Section 120 may nonetheless be told that his patent is unenforceable. Purporting to rely on two cases decided by this Court in the 1920's, *Woodbridge v. United States*, 263 U.S. 50 (1923); and *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924), the Court announced that it would henceforth apply a doctrine of "prosecution laches" to invalidate patents not sought within an undefined "reasonable" time. Pet. App. 5a-10a.

This extraordinary decision warrants review for several reasons. To begin with, as Judge Newman pointed out in dissent below, the suddenly discovered doctrine of "prosecution laches" introduces a "new source of uncertainty and variability in continuation practice" that potentially "insert[s] a taint into every patent that has invoked these statutory procedures." Pet. App. 19a. Most obviously, this retroactive filing requirement disrupts the legitimate expectations of patent applicants who have relied on the terms of the governing statutory provisions, as well as on numerous judicial decisions declaring those terms to be

controlling. By abruptly repudiating "the long-standing rule," Pet. App. 14a (Newman, J., dissenting), the Federal Circuit showed little of the caution needed "before adopting changes that disrupt the settled expectations of the inventing community." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. 1831, 1841 (2002). Furthermore, the decision below will necessarily involve patent litigants in a wholly new, and likely ubiquitous, series of collateral disputes, all turning on drawn-out arguments about whether actions before the Patent and Trademark Office were taken within a reasonable time and on who must bear the blame for each period of delay.

The decision below is also wrong, both in approach and in result. Before deciding to shorten a time requirement expressly set forth in a federal statute, a federal court, at a minimum, should assure that Congress did not intend for applicants to be able to utilize the full time period. *See Overland Motor Co. v. Packard Motor Car Co.*, 274 U.S. 417, 424 (1927). Here, however, the Federal Circuit paid little attention to the express terms of the Act, instead choosing to fashion its doctrine of "prosecution laches" almost entirely out of two little-known decisions of this Court, neither of which comes close to establishing a general timeliness requirement for all patent applicants. Moreover, the court of appeals totally ignored the fact that Congress, in balancing various competing interests in the Patent Act, has consistently resisted efforts to set additional restrictions on continuation and divisional applications.[4] This one-sided analysis is especially startling in light of the fact that the Federal Circuit, and its predecessor court as well, have

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[4] As we discuss, *see* pages 21-22 *infra*, Congress did make significant changes to the Act in 1994—most notably, dating patent rights from the time of original application—but it did not impose retroactive limitations that would deny rights to patent holders and applicants who had relied on the preexisting system.

repeatedly told patent applicants that they need only meet the requirements of Section 120 in order to obtain the benefits of a single continuous application. *See, e.g., Transco Products, Inc. v. Performance Contracting, Inc.*, 38 F.3d 551 (Fed. Cir. 1994); *Racing Strollers, Inc. v. TRI Industries, Inc.*, 878 F.2d 1418 (Fed. Cir. 1989) (en banc); *In re Hogan*, 559 F.2d 595 (CCPA 1977); *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. 1988) (unpublished); *Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir. 1999) (unpublished). The doctrine thus represents the starkest kind of judicial lawmaking.

The process by which the Federal Circuit reached its decision—refusing to consider its own directly applicable unpublished decisions as precedent—also warrants review. The federal courts of appeals have disagreed over the constitutionality of disregarding unpublished opinions, *compare Anastasoff v. United States*, 223 F.3d 898, *vacated as moot*, 235 F.3d 1054 (8th Cir. 2000) (en banc), *with Hart v. Massanari*, 266 F.3d 1155 (9th Cir. 2001), and the question is of widespread significance: more than four-fifths of all opinions issued by federal courts of appeals are unpublished. While there is no active conflict among the circuits, the reasoning of the Eighth Circuit opinion in *Anastasoff*, taken on its own merits, makes a strong case for the proposition that the practice of disregarding prior decisions is incompatible with the principle "that litigants in similar situations should be treated the same, a fundamental component of *stare decisis* and the rule of law generally." *James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529, 537 (1991) (opinion of Souter, J.); *see id.* at 547 (Blackmun, J., concurring in the judgment); *see also Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 (1993). The Court should resolve this important question as well.

I. THE FEDERAL CIRCUIT IMPROPERLY CIRCUMSCRIBED THE TIME PERIOD ALLOWED BY THE PATENT ACT FOR FILING CONTINUATION AND DIVISIONAL APPLICATIONS

A. We begin, as the Federal Circuit did not, with the governing statute. *See Barnhart v. Sigmon Coal Co., Inc.*, 122 S. Ct. 941, 950 (2002) ("As in all statutory construction cases, we begin with the language of the statute"). Sections 120 and 121, both part of the Patent Act since 1952, set forth the conditions under which continuation and divisional applications are treated just as though they had been filed at the time of an earlier parent application.[5] In basic terms—leaving out, for a moment, the language addressing the *time* at which the later applications must be filed—Section 120 provides that "[a]n application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States . . . [by the same inventor] *shall have the same effect*, as to such invention, as though filed on the date of the prior application . . . ." 35 U.S.C. § 120 (emphasis added). Section 121, in turn, states that "a divisional application which complies with the requirements of section 120 of this title . . . *shall be entitled* to the benefit of the filing date of the original application." 35 U.S.C. § 121 (emphasis added). This fundamental requirement, that any newly claimed invention have been disclosed in a prior application,

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[5] The effective filing date granted to an application, and to the claims that it contains, can have important consequences in the patenting process. For example, the effective filing date may be determinative on the issue whether the patent applicant has satisfied the terms of Section 102(b) of the Act, 35 U.S.C. § 102(b), which bars issuance of a patent when "the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." *Id.*

assures that the inventor is staying within the scope of the earlier application, making claims only with respect to inventions that he has previously described. *See generally* 4 *Chisum on Patents* § 13.04 at 13-21-13-24 (1991).

Section 120 does more, however, than simply require proper grounding of the claims in a parent application: it expressly addresses *when* a continuation or divisional application must be filed in order to "have the same effect . . . as though filed on the date of the prior application . . . ." 35 U.S.C. § 120; *see also* 35 U.S.C. § 121 ("shall be entitled to the benefit of the filing date of the original application"). In clear language that the Federal Circuit did not even mention—indeed, language that it deleted from its quotation of the statute, *see* Pet. App. 8a—Section 120 specifies that the application must be "filed *before the patenting or abandonment of or termination of proceedings on* the first application or on an application similarly entitled to the benefit of the filing date of the first application . . . ." 35 U.S.C. § 120 (emphasis added). This statutorily defined time limit, known generally as the co-pendency requirement, embodies the core principle supporting continuation and divisional applications: that, when they overlap in time with an earlier application (and meet the necessary disclosure obligation), they are regarded as part of a single continuous application, not as separate applications. As this Court stated long before the enactment of Section 120, "the two petitions are to be considered as parts of the same transaction, and both as constituting one continuous application, within the meaning of the law." *Godfrey v. Eames*, 68 U.S. (1 Wall.) 317, 326 (1864).[6]

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[6] By contrast, if a patent applicant seeks to add claims *after* a patent has been issued on the parent application, the continuity of application has been broken, and he must seek a reissued patent under a much stricter provision. *See* 35 U.S.C. §§ 251-52; page 5 *supra*.

There is no doubt that Mr. Lemelson met the statutory deadline. The Federal Circuit did not find, and respondents do not even allege, that Lemelson failed to file his applications "before the patenting or abandonment of or termination of proceedings on" an earlier application. The patents issued on those applications should thus be fully enforceable under the terms of Section 120 unless the federal courts have a license to modify those terms. But this Court has previously struck down judicial efforts to circumscribe time limits in the Patent Act, stating: "A party seeking a right under the patent statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one. These are questions, not of natural, but of purely statutory, right." *United States v. American Bell Telephone Co.*, 167 U.S. 224, 247 (1897). Even more particularly, the Court has disapproved of efforts to shorten time periods in the Act by invoking equitable concepts like laches: "The answer to this argument [*i.e.* that applicants can obtain unfair advantages by utilizing the full statutory period] is that the matter is entirely within the control of Congress . . . . We do not know on what principle we could apply the equitable doctrine of abandonment by laches in a case *where the measure of reasonable promptness is fixed by statute* . . . ." *Overland Motor Co.*, 274 U.S. at 423-24 (emphasis added).

Those principles are, in fact, critical to a proper functioning of the patent system. Inventors seeking patents for their inventions must be able to rely on the time periods permitted by the Act itself, without concern that federal courts will later impose retroactive limits to curtail valuable patent rights. *See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. at 1841 ("[f]undamental alterations in [settled] rules risk destroying the legitimate expectations of inventors in their property"). Thus, when a statutory provision itself sets "the measure of reasonable promptness" for filing patent applications, a federal court should not truncate the specified time period without, at the very least, a clear indication that

Congress did not intend to allow inventors to utilize the full period. As we discuss next, that evidence is utterly lacking here.

B. The decision of the Federal Circuit rests almost completely on two decisions of this Court handed down in the 1920s. *See Woodbridge v. United States, supra; Webster Electric Co. v. Splitdorf Electrical Co., supra.* According to the court below, those cases announced and applied a doctrine of "prosecution laches," which Congress implicitly incorporated into the statute in 1952. *See* Pet. App. 5a-10a. Neither part of this theory is correct. The only laches doctrine properly derived from the cited cases is a much narrower doctrine limiting the time for making claims similar to those in an issued patent, and Congress enacted that doctrine—and only that doctrine—into the statute well before 1952. *See* page 18 and note 9 *infra.* Furthermore, the legislative record shows that Congress repeatedly rejected efforts to limit patent rights obtained by means of continuation and divisional applications, instead treating those applications as entitled to all the benefits of a single continuous filing.

1. The decision in *Woodbridge*, which this Court itself has called an "exceptional" case, *Overland Motor Co.*, 274 U.S. at 426, does little to support a broad equitable doctrine of "prosecution laches." Even leaving aside that the case arose out of a unique statute passed by Congress to resolve a single long-standing patent dispute—a statute that, by its terms, called for a judicial inquiry into the possibility of "laches" by the inventor (263 U.S. at 51)—the result in *Woodbridge*, in the end, turned on nothing more than the violation of an express statutory time limit. Thus, while the Court engaged in a wide-ranging discussion of abandonment, forfeiture, laches, and other doctrines, it ultimately declared that the applicant was not entitled to a patent for the simple reason that his "plan of nonaction was not in accord with the rules of

procedure in the Patent Office, *but was in plain violation of the statutory law*." 263 U.S. at 63 (emphasis added). This conclusion was as unsurprising as it was ordinary: the applicant had delayed issuance of the patent by the Patent Office for nine years when a statute allowed him to do so for only one year. *See* 263 U.S. at 58. *Woodbridge* is thus, at bottom, a decision about the need to observe statutory time limits, not a decision about the right of the judiciary to manufacture extra-statutory requirements.

The decision in *Webster* likewise neither declared, nor applied, a broad doctrine of "prosecution laches." Although an early section in *Webster* described the lengthy history of prosecution by the patentee, and concluded that it demonstrated "laches" on his part, the Court conspicuously did not say what particular part of the prosecution was impermissably long. *See* 264 U.S. at 465-66. The answer to that question was supplied by the *next* section, *see* 264 U.S. at 466-69, one totally disregarded by the Federal Circuit below. There, this Court first drew, and then found dispositive, a basic analogy between two kinds of delay: first, delay in making applications for reissued patents and, second, delay in making claims copied from (or substantially similar to) a patent issued to another inventor. Then, based on the fact that it had previously recognized a doctrine of laches with respect to filing enlarged claims in reissued patents, the Court applied the same presumptive two-year period to the filing of continuation and divisional applications that, like the ones under attack in *Webster*, made claims similar to those in a previously issued patent. *See* 264 U.S. at 469; *see also Chapman v. Wintroath*, 252 U.S. 126 (1920). The Court observed: "While the analogy between the case of a reissue patent and *that of copying for interference* is not always an exact one, it is sufficiently so, *as applied to the present case*, to make those decisions pertinent, and *the principle which they announce is controlling*." 264 U.S. at 469 (emphasis added); *see generally* note 3 *supra* (defining an interference).

Later decisions (including decisions cited approvingly by this Court) and leading patent authorities have generally recognized that the decision in *Webster* is limited to that particular context. *See, e.g., 4 Chisum on Patents*, § 11:05[1][b] at 11-264 (1996); *Wirebounds Patents Co. v. Saranac Automatic Machine Corp.*, 65 F.2d 904, 905-06 (6th Cir. 1933), cited in *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 168 (1938); *Wagenhorst v. Hydraulic Steel Co.*, 27 F.2d 27, 28-29 (6th Cir. 1928), cited in *Crown Cork & Seal Co.*, 304 U.S. at 167. *But see Pratt & Whitney Co. v. United States*, 345 F.2d 838, 843-44 (Ct. Cl. 1965) (adopting Commissioner's report).

The cases relied on by the Federal Circuit thus provide no footing for an open-ended doctrine of "prosecution laches." Nor has any such doctrine emerged from subsequent cases. The decisions in *Crown Cork & Seal* and *General Talking Pictures Corp. v. Western Electric Co.*, 304 U.S. 175 (1938), *rejected* laches defenses, leaving Justice Black, dissenting in *Crown Cork & Seal*, to complain that the Court had done away with the defense entirely. *See* 304 U.S. at 173-74 (Black, J., dissenting).[7] And, while some patent experts thought that the decision in *Muncie Gear Works, Inc. v. Outboard Machine & Mfg. Co.*, 315 U.S. 759 (1942), had established a laches doctrine known as "late claiming"—invalidating claims filed more than two years after adverse public use, even if the subject matter had been fully disclosed in an earlier application—that doctrine, too, has fallen by the wayside. It has long been accepted, by the Federal Circuit in particular, that *Muncie Gear Works* does not stand for any

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[7] As noted in the previous paragraph, *Crown Cork* also cited with approval several lower-court cases reading *Webster* as requiring promptness *in copying claims from another patent.* Although language in both *Crown Cork* and *General Talking Pictures* left open the possibility that the Court might ultimately apply a broader doctrine of late claiming, that doctrine, as we discuss in the text, never actually materialized.

limit on the *claims* presented in continuation and divisional applications, but rather prohibits only the introduction of "new matter" into the disclosure of such applications. *See Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1517 (Fed. Cir. 1984) (rejecting argument based on "the inappropriate and long ago discredited 'late claiming' label"); *Westphal v. Fawzi*, 666 F.2d 575 (CCPA 1981). *See also* 3 I. Kayton, *Patent Practice* 8.20-21 (6th ed., Rel. No. 3, 1998). Taken as a whole, therefore, the historical record—as of 1952 and up to the present time—shows that, insofar as continuation and divisional applications are concerned, this Court has invalidated a patent on the basis of laches in only one case, and it was a case (*Webster*) in which the crucial delay at issue was a delay in making claims that were substantially the same as claims in a previously issued patent. The penalty for that delay has long since been addressed, in explicit terms, in another provision of the Act. *See* Act of August 5, 1939, ch. 452, § 1, 53 Stat. 1213, now codified at 35 U.S.C. § 135(b).[8]

2. It is just incorrect, therefore, to say that this Court long ago created a broad doctrine of "prosecution laches" to limit the filing of continuation and divisional applications. And, in any event, there is certainly no reason to think that Congress meant to incorporate that kind of doctrine into the Act,

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[8] Although the court of appeals stated that "the contemporary learned treatises confirmed the existence of the prosecution laches defense," Pet App. 7a, that statement is flatly contradicted by the cited authorities. According to A. Deller, *Walker on Patents*, the first of the cited treatises, the holding in *Webster* was "that a delay of five years *after the granting of a patent to a rival claimant* is fatal to the claims . . . ." *Id.* § 183 at 869 (1937) (emphasis added). The treatise went on to note that "[t]he doctrine of laches *in copying claims* has been applied by the Patent Office and the Courts in many cases." *Id.* (emphasis added). The other cited authority likewise described *Webster* as "holding a delay of five years *after the date of an adverse patent* to be unreasonable." B. Stedman, *Patents*, § 111 at 255 (1939) (emphasis added).

without bothering to mention it, either in Section 120 itself or in any other provision (for example, Section 282). As the history of the Act shows, Congress is fully capable of adopting—in the plainest of terms, not *sub silentio*—particular judicially developed laches doctrines that it regards as necessary or appropriate to the balance of interests struck in the Act. Most notably, Congress expressly enacted the "laches" period applicable to seeking reissued patents (35 U.S.C. § 251) and the "laches" period applicable to copying claims from a patent (35 U.S.C. § 135(b)), both sides of the "controlling" laches analogy in *Webster*.[9] By comparison, nothing on the face of Section 120 suggests any intention to qualify the co-pendency filing requirement with some unexpressed notion of "reasonable" promptness.

The effort to read "prosecution laches" into Section 282, 35 U.S.C. § 282, is equally unpersuasive. Although that provision does allow for a defense of "laches," it is laches of a very different sort: delay in *filing suit* after knowledge of a possible infringement. *See A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992). The reference to "laches" in commentary on the 1952 Act, *see* Pet. App. 9a, is most naturally read to refer to this traditional defense, not to the (nonexistent) defense of "prosecution laches." Furthermore, a laches doctrine applied to the filing of infringement suits does not contravene other sections of the Act. However useful a laches doctrine may be in filling statutory gaps, it distorts the Act as a whole to use the highly general terms of one section (Section 282) to cut short a filing period specifically permitted in another section (Section 120).

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[9] These two laches doctrines were developed by this Court, of course, at a time when no statutory provision had anything to say about the timing of applications for reissued patents or of continuation applications reading on the claims of another patent. As we have noted, the "laches" period for copying claims was included (and shortened) in 1939. The "laches" period for reissued patents was included in the statute for the first time in 1952.

If that were permissible, it would lead to the implausible conclusion that the Federal Circuit could also abbreviate the filing periods allowed in Section 135(b) for copying claims, or in Section 251 for seeking reissued patents, simply by fashioning a new non-statutory requirement of additional promptness. "[T]he words of a statute must be read in their context and with a view to their place in the overall statutory scheme." *Davis v. Michigan Dept. of Treasury*, 489 U.S. 803, 809 (1989).

The court of appeals also took no account of the most illuminating part of the legislative record: the fact that Congress, at the very time that it enacted Sections 120 and 121, strongly resisted efforts to curb the rights of patent applicants filing continuation and divisional applications. Tellingly, the supporters of patent reform had argued for many years that new limitations were needed because existing law placed no limits on delay. *See, e.g., Court of Patent Appeals and Limiting Patents to 20 Years*, Hearings on S. 2687 and S. 2688 before the Senate Comm. on Patents, 76th Cong., 1st Sess. 44-52, 59, 62 (1939) (statement of Commissioner Coe); *Recording Patent Agreements and Limiting Patents to 20 Years*, Hearings on H.R. 2630, 2631, and 2632 Before the House Comm. on Patents, 79th Cong., 1st Sess. 22-24 (1945) (statement of Richard J. Dearborn); *id.* at 27-28 (statement of John C. Stedman); *id.* at 39-40 (statement of Commissioner Coe); *id.* at 41-44 (statement of Assistant Commissioner Henry). Although these reformers sought to make the terms of patents issued on divisional or continuation applications coterminous with the terms of any patents issued on the original application, House Comm. on the Judiciary, *Proposed Revision and Amendment of the Patent Laws, Preliminary Draft with Notes*, § 35, at 21 (Comm. Print 1950), Congress refused to limit patent rights in that fashion, and further rejected an alternative proposal to date all patent rights from the filing of the original application. *Id.* § 57, at 43. Instead, Congress chose to make

clear its intention that simultaneously pending applications, so long as they claimed inventions disclosed in a previous application, were to be treated as part of, and thereby entitled to the priority of, the earlier application. *See* 35 U.S.C. §§ 120-21.[10] Moreover, Congress did *not* make those applications subject to intervening adverse rights, as it did for applications seeking to obtain reissued patents. *See* 35 U.S.C. §§ 251-52.

Finally, it is significant that Congress, when it finally did come to decide that patent rights should be measured from the date of original application, chose to act on a prospective basis only. Prior to 1994, various patent experts once again lamented the use of continuation and divisional applications to extend patent rights, and then as before, the gist of many of those arguments was that such actions were (but should not be) *legal* under the existing system. *See, e.g., Patents Legislation*, Hearings on H.R. 359, H.R. 632, H.R. 1732 and H.R. 1733 Before the Subcomm. on Courts and Intellectual Property, 104th Cong., 1st Sess. 134 (1995) (statement of Chairman Moorhead) ("filing successive continuing applications . . . [is] a legal means of intentional delay"); *see also id.* at 45-46 (testimony of Commissioner Lehman) (criticizing "submarine patents"); *id.* at 169-70 (statement of Professor Mark A. Lemley). This time Congress agreed that change was needed, but it made the changes for the future only: having itself set the preexisting statutory requirements, Congress refrained from taking any action to deny patent rights to inventors who had observed them. Against this background, the decision by the Federal Circuit to limit those

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[10] Since that treatment of co-pending applications had long been recognized by this Court, *see Godfrey v. Eames*, *supra*, the language of Sections 120 and 121 did, in fact, represent preexisting law not previously incorporated into the Act. *See* Pet. App. 8a. What it did not do, however, was to enact a freestanding laches doctrine that was neither part of the recognized law at the time nor in any way expressed in the Act.

rights retroactively, on the strength of a supposedly reborn doctrine of "prosecution laches," is an inexcusable intrusion into legislative terrain.

3. The decision below also contradicts decades of consistent holdings by the Federal Circuit, and by the Court of Customs and Patent Appeals before it, that applicants need only comply with the express requirements of Section 120 in order to obtain the benefits that it extends. *See Transco Products, Inc. v. Performance Contracting, Inc.*, 38 F.3d 551, 556 (Fed. Cir. 1994); *Racing Strollers, Inc. v. TRI Industries, Inc.*, 878 F.2d 1418, 1421 (Fed. Cir. 1989) (en banc); *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351 (Fed. Cir. 1986); *In re Bauman*, 683 F.2d 405, 407 (CCPA 1982); *In re Hogan*, 559 F.2d 595 (CCPA 1977); *In re Henriksen*, 399 F.2d 253 (CCPA 1968). The court in *In re Hogan*, for example, emphasized that Section 120 afforded patent applicants important statutory rights, *see* 559 F.2d at 603, and then approvingly quoted the admonition from this Court that "[a] party seeking a right under the patent statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one." *Id.*, quoting *American Bell Telephone Co.*, 167 U.S. at 247. Twelve years later, the Federal Circuit took the same position, stating: "In our view, § 120 gives to any applicant for a patent *complying with its terms* the right to have the benefit of the filing date of an earlier application." *Racing Strollers*, 878 F.2d at 1421. Then, in *Transco Products*, 38 F.3d at 556, the court of appeals reiterated that "[t]he plain and unambiguous meaning of section 120 is that any application fulfilling the requirements therein 'shall have the same effect' as if filed on the date of the application upon which it claims priority." *Id.*

The Federal Circuit, in fact, twice specifically rejected arguments that it should engraft an equitable doctrine of laches onto the statutory requirements of Section 120,

evidently regarding the issue as so settled that it did not even designate the opinions for publication. *See Bott v. Four Star Corp., supra; Ricoh Co. v. Nashua Corp., supra. See also* Fed. Cir. R. 47.6(b) (providing for nonpublication of opinions "not adding significantly to the body of law"). In *Bott*, dismissing attempts to rely on *Webster* for a broad laches doctrine, the court of appeals found no reason to "adopt equitable safeguards to limit continuation applications when the Congress gave no indication that it intended to do so." *Id.* at **1. Similarly, in *Ricoh*, handed down just three years ago, the Federal Circuit again declined to "judicially adopt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so." *Id.* at **3. The court of appeals expressly agreed with its predecessor court that "'a limit upon continuing applications . . . is a matter of policy for Congress, not for us.'" *Ricoh*, at **3, quoting *In re Hogan*, 559 F.2d at 604 n. 13.

C. "Courts of equity cannot, in their discretion, reject the balance that Congress has struck in a statute." *United States v. Oakland Cannabis Buyers' Cooperative*, 532 U.S. 483, 497 (2001). Yet, that is precisely what the Federal Circuit has done here. Apparently responding to the same complaints made to Congress, the court of appeals simply acted on its own initiative to curtail patent rights granted by the Act. We have discussed the reasons why this is an improper exercise of judicial authority. But, even viewed purely as a matter of policy, this decision is an unwarranted revision of the patent system.

Most notably, of course, the Federal Circuit has played havoc with the expectations of inventors who relied on the express statutory entitlements. As this Court has just observed, "courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community." *Festo Corp. v. Shoketsu Kinzoku Koygo Kabushiti, Ltd.*, 122 S. Ct. at 1841. But the court of appeals below has

now declared that—regardless of the statutory terms and its own prior rulings indicating that the issue was settled—all patents and patent applications are subject to invalidation whenever applicants have failed to make their claims within an unknown acceptable time. *See* Koffs, *The Legal Intelligencer*, Feb. 7, 2002 ("The Court of Appeals for the Federal Circuit has altered the face of patent litigation by holding that an equitable defense of prosecution laches may be applied to bar enforcement of an otherwise valid U.S. patent"). To make matters worse, the inevitably imprecise nature of this doctrine exposes patentees to the vagaries of a "thumbs up/thumbs down" judicial judgment. This potential for selective litigant-based enforcement, in a matter involving important property interests, necessarily undermines confidence in the fairness of the patent system: "in the long run, experience teaches that strict adherence to the procedural requirements specified by the legislature is the best guarantee of evenhanded administration of the law." *Mohasco Corp. v. Silver*, 447 U.S. 807, 826 (1980).

We also note that the Federal Circuit, as is often the case when judges retilt a statutory balance, has given too little weight to one of the competing interests. While it is understandable that chains of patent applications, however lawful, will draw criticism, the fact remains that the applications can result in multiple patents only for an inventor of considerable foresight. After all, for an inventor to gain the benefit of an earlier filing date, the Act requires the inventor to demonstrate that he fully described any newly claimed invention in a prior application. *See* 35 U.S.C. § 120; *see also* 35 U.S.C. § 112, ¶ 1. If an inventor meets that demanding standard—one that has been toughened by the Federal Circuit over the years, *see, e.g., Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555 (Fed. Cir. 1991)—it is hardly a miscarriage of justice to grant him a patent for what he, in

fact, invented.[11] As for the other side of the equation: given that the filing of continuation and divisional applications has become a common practice over the years, it would be shortsighted for potential infringers, like respondents, to assume that their products have not been disclosed in still-pending (and thus still-secret) patent applications. The possibility of a pending prior application is simply an unavoidable risk for those who cannot show themselves to be the true inventor.

Last but not least, the decision below will incite a vast amount of burdensome collateral litigation. If history is any guide, charges of undue delay will henceforth become a standard feature of patent disputes, with infringers demanding discovery into the reasons for each and every period of inaction before the Patent Office. This sideshow will necessarily result in protracted arguments about who bears responsibility for each passage of time, beginning with accusations by the infringer against the patent holder and leading, in turn, to accusations by the patent holder against the Patent Office. None of this turmoil is what Congress intended, and this Court should grant review to consider this serious reordering of the federal patent system.

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[11] The Federal Circuit has noted that, under the Act, it is not "in any manner improper to amend or insert claims intended to cover a competitor's product the applicant's attorney has learned about during the prosecution of a patent application." *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 874 (Fed. Cir. 1988). *See also Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1482 (Fed. Cir. 1998) (same).

II. BY DECLINING TO CONSIDER ITS PRIOR UNPUBLISHED DECISIONS, THE FEDERAL CIRCUIT VIOLATED THE FUNDAMENTAL PRINCIPLE THAT SIMILARLY SITUATED LITIGANTS ARE TO BE TREATED THE SAME

The refusal of the Federal Circuit to honor its own decisions as precedent likewise merits further review. In recent years, this Court, addressing whether judicial decisions must apply retroactively, has emphasized that federal courts are not free to apply different rules of law to similarly situated litigants simply because that practice might better serve collateral interests. *See Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 (1993); *James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529, 537 (1991) (opinion of Souter, J.); *id.* at 547 (Blackmun, J., concurring in the judgment). In *Harper*, the Court placed significant weight on the "admonition that '[t]he Court has no more constitutional authority in civil cases than in criminal cases to disregard current law or to treat similarly situated litigants differently.'" *Id.* at 97, quoting *American Trucking Ass'ns, Inc. v. Smith*, 496 U.S. 167, 214 (1990) (Stevens, J., dissenting). Several years before, the lead opinion in *Beam* had similarly relied on the principle "that litigants in similar situations should be treated the same, a fundamental component of *stare decisis* and the rule of law generally." 501 U.S. at 537 (opinion of Souter, J.); *see id.* at 540 (referring to the "equality principle, that similarly situated litigants should be treated the same"). In the same case, Justice Blackmun, speaking for three Justices, took the view that a decision not to apply a decision retroactively "violates the principle of treating similarly situated defendants the same." *Id.* at 547. *See also BMW of North America, Inc. v. Gore*, 517 U.S. 559, 587 (1996) (Breyer, J., concurring) ("[r]equiring the application of law . . . helps to assure the uniform general treatment of similarly situated persons that is the essence of law itself).

The decision of a federal appeals court to disregard prior unpublished opinions as precedent offends that fundamental principle. In ruling that the patents held by petitioner could be deemed unenforceable under a doctrine of prosecution laches, the Federal Circuit did not even attempt to distinguish its two prior cases holding that no such doctrine exists. *See Ricoh Co. v. Nashua Corp.; Bott v. Four Star Corp.*. Rather, it simply chose to announce a different rule, thereby denying petitioner the benefit of established law that would have been dispositive in its favor. As explanation, the court of appeals argued that "[c]ourts contribute to the growing imprecision, uncertainty and unpredictability of the law by issuing repetitive opinions on subjects that have been thoroughly irrigated." Pet. App. 13a. But this reasoning gets matters backwards: if a prior decision has done nothing more than repeat and apply settled law, that is all the more reason for the same court of appeals to apply it again in a subsequent case, rather than set off in a wholly different direction at the expense of similarly situated litigants then before it.

The legitimacy of disregarding unpublished opinions has caused considerable debate in the federal courts of appeals. Most notably, the Eighth Circuit has held (in a decision later vacated on grounds of mootness) that the practice of treating unpublished opinions as nonprecedential is unconstitutional, finding it inconsistent with the appropriate exercise of judicial power under Article III. *See Anastasoff v. United States, supra.* In addition, three judges of the Fifth Circuit have urged that Circuit to consider the legitimacy of unpublished opinions, saying that the "holding [of the Eighth Circuit] on the constitutional question is at least arguable." *Williams v. Dallas Area Rapid Transit*, 256 F.3d 260, 262 (5th Cir. 2001) (Smith, J., dissenting from denial of rehearing en banc). For its part, the Ninth Circuit has weighed in strongly on the other side, *see Hart v. Massanari, supra*, holding that Article III does not require a federal court of appeals to follow its own

decisions. *See id.* at 1180. The Federal Circuit has now aligned itself with the views of the Ninth Circuit. Pet. App. 10a.[12]

The question is one that needs to be resolved.[13] Recent studies indicate that more than four of every five opinions issued by federal courts of appeals are unpublished. *See* Administrative Office of the U.S. Courts, *Judicial Business of the United States Courts: 2001 Annual Report of the Director*, Supp. Tbl. 5-3. As critics of the practice have observed, *see Williams v. Dallas Area Rapid Transit*, 256 F.3d at 262 (Smith, J., dissenting from denial of rehearing en banc), these cases often do not fit the description of "repetitive opinions on subjects that have been thoroughly irrigated." Pet. App. 13a. Although there is no longer an active conflict among the courts of appeals, the reasoning of the Eighth Circuit in *Anastasoff* casts genuine doubt on a practice followed in most cases by most courts of appeals. It is important to know, sooner rather than later, whether that practice comports with constitutional principles.

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[12] The decision in *Anastasoff* has also provoked extensive scholarly discussion. *See, e.g.*, Price, *Precedent and Judicial Power After the Founding*, 42 B.C. Law Rev. 81 (2001); Robel, *The Practice of Precedent: Anastasoff, Noncitation Rules, and the Meaning of Precedent in an Interpretive Community*, 35 Ind. L. Rev. 399 (2002); Katsh & Chachkas, *Constitutionality of "No-Citation Rules,"* 3 The Journal of Appellate Practice and Process 287 (2001).

[13] This Court previously granted review to decide, among several questions, whether the Seventh Circuit could apply its unpublished opinion rule. *See Browder v. Dept. of Corrections of Illinois*, 434 U.S. 257, 258 n.1 (1978). The Court disposed of the case, however, without reaching the question. *Id.*

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 00-1583

SYMBOL TECHNOLOGIES, INC., ACCU-SORT SYSTEMS, INC., INTERMEC TECHNOLOGIES CORPORATION, METROLOGIC INSTRUMENTS, INC., PSC INC., TEKLOGIX CORPORATION, ZEBRA TECHNOLOGIES CORPORATION, and COGNEX CORPORATION,
Plaintiffs-Appellants,

v.

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Defendant-Appellee.

DECIDED: January 24, 2002

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Before MAYER, *Chief Judge*, NEWMAN and CLEVENGER, *Circuit Judges*.

MAYER, *Chief Judge*.

Symbol Technologies, Inc., Accu-sort Systems, Inc., Intermec Technologies Corporation, Metrologic Instruments, Inc., PSC Inc., Teklogix Corporation, Zebra Technologies Corporation, (collectively "Symbol"), and Cognex Corporation ("Cognex") appeal the judgment of the United States District Court for the District of Nevada dismissing various counts of their complaints for failure to state a claim. *Symbol Tech., Inc., et al., v. Lemelson Med., Educ. & Research Found., Ltd. P'ship*, 99-CV-0397 (D. Nev. Mar. 21, 2000). Because the district court incorrectly concluded that the defense of prosecution laches was unavailable as a matter of law, we reverse the judgment and remand the case.

Background

Lemelson Medical, Education & Research Foundation, Limited Partnership ("Lemelson") claims to be the assignee of some 185 unexpired patents and many pending patent applications of Jerome H. Lemelson. The patents at issue generally involve machine vision and automatic identification technology and allegedly are entitled to the benefit of the filing date of two applications filed in 1954 and 1956.

Symbol and Cognex (collectively "plaintiffs") design, manufacture, and sell bar code scanners and related products. In 1998, their customers began to receive letters from Lemelson stating that the use of the plaintiffs' products infringed various Lemelson patents. Plaintiffs claim that they will be forced to indemnify these customers should any of the patents be found to be infringed.

Symbol brought a declaratory judgment action pursuant to 28 U.S.C. § 2201(a) (1994), against Lemelson, the owner of U.S. Patents 4,338,626; 4,969,038; 4,979,029; 4,984,073;

5,067,012; 5,119,190; 5,119,205; 5,128,753; 5,144,421; and 5,351,078, seeking a judgment that the patents are invalid, unenforceable, and not infringed by Symbol or its customers. *Symbol Tech., Inc., et al., v. Lemelson Med., Educ. & Research Found., Ltd. P'ship*, 99-CV-0397. Cognex brought a similar action (CV-N-99-0533-PMP) adding U.S. Patents 4,118,730; 4,148,061; 4,511,918; 5,023,714; 5,249,045; and 5,283,641. *Cognex Corp. v. Lemelson Med., Educ. & Research Found., Ltd. P'ship*, 99-CV-0533. The gravamen of the complaints most pertinent to us is prosecution laches. The trial court consolidated the cases.

Lemelson moved for dismissal arguing that there was no case or controversy and that the plaintiffs' cause of action for prosecution laches failed to state a claim upon which relief could be granted. The district court concluded that there was a sufficient case or controversy but dismissed plaintiffs' laches claims. The sole issue on appeal is whether, as a matter of law, the equitable doctrine of laches may be applied to bar enforcement of patent claims that issued after an unreasonable and unexplained delay in prosecution even though the applicant complied with pertinent statutes and rules.

Discussion

In reviewing the propriety of decisions under Fed. R. Civ. P. 12(b)(6), we apply the rule of the regional circuit—in this case the United States Court of Appeals for the Ninth Circuit. *Phonometrics v. Hospitality Franchise Sys., Inc.*, 203 F.3d 790, 793, 53 USPQ2d 1762, 1764 (Fed. Cir. 2000). Therefore, consistent with the rule in the Ninth Circuit, we review the decision below *de novo*, and "[a]ll allegations of material fact are taken as true and construed in the light most favorable to the nonmoving party." *O'Loghlin v. County of Orange*, 229 F.3d 871, 874 (9th Cir. 2000); *accord Advanced Cardiovascular Sys., v. Scimed Life Sys., Inc.*, 988 F.2d 1157, 1160, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993). We have jurisdiction pursuant to 28 U.S.C. § 1292(b) & (c).

The defense of prosecution laches finds its origin in two Supreme Court cases: *Woodbridge v. United States*, 263 U.S. 50 (1923); and *Webster Electric Co. v. Splitdorf Electrical Co., 264 U.S. 463* (1924). The Court first applied the doctrine in *Woodbridge* to render a patent unenforceable where there had been an unexplained nine-year delay. Pursuant to a statute in place at the time, the Patent Office agreed to delay the issuance of Woodbridge's patent for one year. At the end of that time, the Patent Office neglected to issue the patent. Rather than inform the Patent Office of its error, Woodbridge waited nine years before requesting that the patent be issued. At the time of issuance, he sought to amend his specification and claims to encompass related innovations that had occurred in the intervening nine years. Woodbridge justified these actions on the ground that his invention had only recently become "pecuniarily" valuable. 263 U.S. at 51-53. The Court held that because of his delay, he had forfeited his rights to the patent. "In this case we have a delay of nine years and a half in securing a patent that might have been had at any time in that period for the asking, and this for the admitted purpose of making the term of the monopoly square with the period when the commercial profit from it would have been highest. . . . Meantime other inventors had been at work in the same field . . . without knowledge of the situation with respect to Woodbridge's invention. . . . This is not a case of abandonment. It is a case of forfeiting the right to a patent by designed delay." *Id.* at 56.

The Court applied the doctrine in *Webster* a year later and held that an unreasonable eight-year delay rendered the claims at issue unenforceable. In that case, Kane filed a patent application in 1910 that ultimately issued in 1916. In 1915, while the original application was still pending, Kane filed a divisional application copying nine claims of a recently issued patent for the purpose of provoking an interference. After losing the interference, he filed two additional claims, claims 7 and 8, which issued in 1918 and were the subject of

the litigation. These claims had not been involved in the earlier interference. "During all of this time the subject-matter [of the claims] was disclosed and in general use; and Kane and his assignee, so far as claims 7 and 8 are concerned, simply stood by and awaited developments." 264 U.S. at 465. In holding claims 7 and 8 unenforceable, the Court stated, "[w]e have no hesitation in saying that the delay was unreasonable, and, under the circumstances shown by the record, constitutes laches, by which the petitioner lost whatever rights it might otherwise have been entitled to." *Id.* at 466. The Court went on to say that a two-year delay was prima facie evidence of unreasonableness. *Id.* at 471.

The Supreme Court subsequently ratified prosecution laches as a defense to an infringement action involving new claims issuing from divisional and continuing applications that prejudice intervening adverse public rights. *See Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 37 USPQ 351 (1938); *Gen. Talking Pictures Corp. v. W. Elec. Co., 304 U.S. 175, 37* USPQ 357 (1938). In *Crown Cork*, the Court held that the presumptive two-year time limit of *Webster* was dictum because it was "not directly applicable to the precise question of laches upon which the case turned." *304 U.S. at 167*, 37 USPQ at 354. The Court continued: "It is clear that, in the absence of intervening rights, the decision in *Webster Co. v. Splitdorf Co.* does not mean that an excuse must be shown for a lapse of more than two years in presenting [a] divisional application." *Crown Cork* at 167-68, 37 USPQ at 354. By this, the court ratified the existence of the prosecution laches defense; it did not apply the defense there in the absence of intervening rights. Similarly, in *General Talking Pictures*, the Court rejected the defense of prosecution laches because there was no evidence of intervening public rights. "In the absence of intervening adverse rights for more than two years prior to the continuation applications, they were [filed] in time." *304 U.S. at 183*, 37 USPQ at 360. This case likewise evinced the

existence of prosecution laches. Indeed, the contemporary learned treatises confirmed the existence of the prosecution laches defense. *See* 2 Anthony William Deller, *Walker on Patents* §§ 183-184 (1937 and 1948 Supp.); Beirne Stedman, *Patents* § 111 (Michie Co. 1939).

Lemelson argues that the defense is not available here for three reasons: 1) the rule espoused in *Webster* and its progeny is limited to claims arising out of interference actions; 2) the plain language and legislative history of the Patent Act of 1952 forecloses the application of prosecution laches; and 3) two of our non-precedential opinions reject the prosecution laches defense and should be binding upon us under the reasoning of *Anastasoff v. United States*, 223 F.3d 898 (8th Cir. 2000), *vacated as moot*, 235 F.3d 1054 (8th Cir. 2000) (en banc). We address each argument in turn.

1. Quoting 4 Donald S. Chisum, Patents § 11.05[1] at 11-264 (1996), Lemelson argues that prosecution laches has been limited to claims arising out of interference proceedings: "Possible implications of *Webster Electric* outside the interference context were dispelled by the Supreme Court in *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*" We find no support for this view. As discussed above, the claims at issue in *Webster* were not the subject of an interference proceeding. The Court was more concerned with the reasonableness of the delay between the initial filing of the application and the subsequent filing of claims 7 and 8 than it was with the interference. Nothing suggests that *Webster* was limited to cases involving an interference. *Crown Cork* validated prosecution laches and did not limit it to cases involving interferences. Rather it took aim at the bright-line rule established by *Webster* that a two-year delay is prima facie unreasonable and eliminated it.

2. Lemelson argues that the passage of the 1952 Patent Act, specifically 35 U.S.C. §§ 120 and 121, entitling continuation and divisional applications respectively to the filing dates of

their parents, foreclosed the application of laches. Section 120 provides that if "[a]n application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States . . . by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application . . ." 35 U.S.C. § 120 (1994). Section 121 provides that "a divisional application which complies with the requirements of section 120 of this title [ ] shall be entitled to the benefit of the filing date of the original application." *Id.* § 121. These sections provide the backbone for the modern continuation and division practice.

Lemelson asserts that by passing these two sections, especially allowing the continuation practice, Congress abrogated the defense of prosecution laches. But the legislative history and commentary from the authors of the 1952 Act suggest no such intent. Prior to 1952, continuation practice was governed by common law rather than statute. "Section 120 appeared in the statutes for the first time in the Patent Act of 1952. Prior to 1952, continuing application practice was a creature of patent office practice and case law, and § 120 merely codified the procedural rights of an applicant with respect to this practice. . . . The legislative history of Section 120 does not indicate any Congressional intent to alter the Supreme Court's interpretation of continuing application practice." *Transco Prods. Inc. v. Performance Contracting, Inc.*, 38 F.3d 551, 556-57, 32 USPQ2d 1077, 1081 (Fed. Cir. 1994). This practice was in existence when the Supreme Court decided *Webster* and *Crown Cork*; thus the defense of prosecution laches and the continuation practice coexisted. *See* Thomas G. Eshweiler, *Ford v. Lemelson and Continuing Application Laches Revisited*, 79 J. Pat. & Trademark Off. Soc'y 457 (1997).

There is nothing in the legislative history to suggest that Congress did not intend to carry forward the defense of

prosecution laches as well. To the contrary, a careful reading of the history and commentary on the 1952 Act shows an intent to maintain the defense. Shortly after the passage of the Act, P.J. Federico, one of its original drafters, gave a series of lectures across the country to educate patent groups about the new Act. The lectures were transcribed, edited, and published. P.J. Federico, *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161 (1993) (reprinted from 35 U.S.C.A. 1954 ed.). Prior to publication, Federico "submitted drafts of the commentary to [Henry] Ashton and the Drafting Committee for suggestions . . ." *Paulik v. Rizkalla*, 760 F.2d 1270, 1277 (Fed. Cir. 1985) (en banc) (Rich, J., concurring). The Drafting Committee consisted of Judge Giles S. Rich, late of this court, and Paul Rose. *See* Giles S. Rich, *Congressional Intent—Or, Who Wrote the Patent Act of 1952*, in *Patent Procurement and Exploitation* (BNA 1963), reprinted in *Nonobviousness—The Ultimate Condition of Patentability* (John F. Witherspoon ed., 1980). Federico's commentary is an invaluable insight into the intentions of the drafters of the Act.

The defenses available to an accusation of infringement were incorporated into section 282 of the then new Act. "The defenses which may be raised in an action involving the validity or infringement of a patent are specified in general terms, by the second paragraph of section 282, in five numbered items. Item 1 specifies 'Noninfringement, absence of liability for infringement, or unenforceability' (the last word was added by amendment in the Senate for greater clarity); this would include the defenses such as that the patented invention has not been made, used, or sold by the defendant; license; and equitable defenses such as laches, estoppel and unclean hands." *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y at 215. *See Mylan Pharm. Inc., v. Thompson*, 268 F.3d 1323, 1331, 60 USPQ2d 1576 (Fed. Cir. 2001) (citing *J.F. Stevens & Co. v. Lex Tex Ltd.*, 747 F.2d 1553, 1561, 223 USPQ 1089, 1093 (Fed. Cir.

1984) (Section 282 incorporates equitable defenses)). It is apparent from this that the drafters thought the defense of laches would be available. And precedent has since recognized the prosecution form of laches. *See Pratt & Whitney Co. v. United States*, 345 F.2d 838, 843-44 (Ct. Cl. 1965) (applying *Webster* to hold claims unenforceable).

3. Finally, Lemelson argues that we are bound by two of our non-precedential opinions under the reasoning in *Anastasoff v. United States*, 223 F.3d 898. *Anastasoff* held that Eighth Circuit Rule 28A(i) providing that unpublished decisions are not precedent and, therefore, not binding on future panels of that court violates Article III of the Constitution. It declared that the doctrine of precedent was "well-established" when the Framers drafted the Constitution and any exercise of the "judicial Power" is binding upon future panels because to depart from it would be "an approach to tyranny and arbitrary power, to the exercise of mere discretion, and to the abandonment of all the just checks upon judicial authority." 223 F.3d at 904. "A more alarming doctrine could not be promulgated by any American court, than that it was at liberty to disregard all former rules and decisions, and to decide for itself, without reference to the settled course of antecedent principles." *Id.*

However, we subscribe to the comprehensive, scholarly treatment of the issue in refutation of *Anastasoff* set out in *Hart v. Massanari*, 266 F.3d 1155, 1160 (9th Cir. 2001).* Article III of the Constitution does not contain an express prohibition on issuing non-precedential opinions, nor can we discern one from the existence of the state of the law when the Framers drafted it.

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* Because Judge Kozinski's opinion for the *Hart* court is so thorough, we need do little more than signal our agreement with it by synopsizing the main points.

The concept of precedent could not have been incorporated into Article III because case reporters printing accurate versions of issued opinions were not first published until the middle of the nineteenth century. *Anastasoff's* restrictive view of the Framer's notions of precedent is far greater than was even possible at the relevant time period. Published opinions were rare and case reporters were often entrepreneurs who scribbled notes as the opinion was issued by the judge or assembled case reports from secondhand sources. *See Hart*, 266 F.3d at 1166, *citing* Robert C. Berring, *Legal Research and Legal Concepts: Where Form Molds Substance*, 75 Cal. L. Rev. 15, 18-19 (1987). Reporters were even known to alter or suppress cases they felt were wrongly decided. *Id.* at 1167, *citing* R.W.M. Dias, *Jurisprudence*, 33 (2d ed. 1964). Thus, reliable, accurate renditions of judicial decisions were not available when Article III was drafted.

Moreover, non-precedential opinions existed even before 1787 and the Framers reasonably could have contemplated the concept. As the volume of reported cases increased, commentators advised not reporting cases that did not contribute to the law for fear of an exponential growth in case law and the requirement to maintain it. Over three centuries ago, Sir Francis Bacon recommended to King James I that cases of "merely iteration and repetition" be omitted from the case reports; and Lord Coke had similarly complained about the existence of too much precedent at a time when there existed an estimated thirty volumes of cases. *See* Kirt Shuldberg, *Digital Influence: Technology and Unpublished Opinions in the Federal Courts of Appeals*, 85 Cal. L. Rev. 531, 545 (1997), *citing* John J. O'Connell, *A Dissertation on Judicial Opinions*, 23 Temp. L.Q. 13, 14 (1949); and Edward H. Warren, *The Welter of Decisions*, 10 Ill. L. Rev. 472 (1916).

This foretold a more modern lament over the sheer volume of reported cases. "The law library of the future staggers the

imagination as one thinks of multitudes of shelves which will stretch away into the dim distance, rank upon rank, and tier upon tier, all loaded with their many volumes of precious precedents. One shrinks from the contemplation of the intellectual giants who will be competent to keep track of the authorities and make briefs in those days; they, as well as the judges who pass upon the briefs, must needs be supermen indeed." Shuldberg, 85 Cal. L. Rev. at 545, *citing* John B. Winslow, *The Courts and the Papermills*, 10 Ill. L. Rev. 157, 158 (1915). The Judicial Conference of the United States has confirmed this fear:

> In view of the rapidly growing number of published opinions of the courts of appeals and of the district courts of the United States, and the ever increasing practical difficulty and economic cost of establishing and maintaining accessible private and public law library facilities, the Committee presented the following resolution which was approved by the Conference:
>
> RESOLVED: That the judges of the courts of appeals and the district courts authorize the publication of only those opinions which are of general precedential value and that opinions authorized to be published be succinct.

Report of the Proceedings of the Judicial Conference of the United States, 11 (1964). Thereafter, the Judicial Conference in 1972 requested that all circuits develop an opinion publication plan. *Report of the Proceedings of the Judicial Conference of the United States*, 33 (1972). The result was the approval of "unpublished" decisions.

Unpublished, or as this court calls them, nonprecedential decisions do not give the judiciary free will to reinvent the law; they merely permit a judgment about whether a case contributes significantly to the body of law. *See* Fed. Cir. R. 47.6(b). They allow panels to determine if future panels and subordinate tribunals are to be bound by the ruling; the panel

is still obligated to follow controlling precedent. This is a far cry from turning our back on precedent. Courts contribute to the growing imprecision, uncertainty and unpredictability of the law by issuing repetitive opinions on subjects that have been thoroughly irrigated. In our view, ideally once a principle has been established, it is up to the courts thereafter to apply it in cases coming before them and at most to explain their decisions to the parties, not to add to the explosion of legal opinions.** Accordingly, we decline to consider the nonprecedential cases cited by Lemelson.

Conclusion

Accordingly, the judgment of the United States District Court for the District of Nevada is reversed and the case is remanded for further proceedings consistent with this opinion.

REVERSED AND REMANDED

** This court is in its twentieth year. In that time the reported decisions of the courts of appeals have filled 575 volumes of the Federal Reporter.

PAULINE NEWMAN, *Circuit Judge*, dissenting.

The Patent Act and implementing regulations authorize the filing of continuing applications provided that certain requirements are met. Heretofore, there has been no cause of action whereby a patentee who fully complied with the statute and rules must nonetheless defend the charge that he should have done more than the statute and rules require.

The rules for continuing applications have often been considered by practitioners, and were before Congress and the draftsmen of the 1952 Patent Act. The legal requirements for continuing applications embodied in 35 U.S.C. §§ 120 and 121 do not warn that there will be serious risks of forfeiture to those who comply with these legal requirements. As the district court correctly held, "the court should not intervene in equity to regulate what Congress has not." *Symbol*, slip op. at 13; see *Northwest Airlines, Inc. v. Transport Workers Union of America*, 451 U.S. 77, 97 n.41 (1981) ("The equitable considerations advanced by petitioner are properly addressed to Congress, not to the federal courts."). Nonetheless, my colleagues on this panel have chosen to intervene, creating a new equitable cause of action called "prosecution laches." This judicial creation of a new ground on which to challenge patents that fully comply with the statutory requirements is in direct contravention to the rule that when statutory provisions exist they may be relied on without equitable penalty. Id. I must, respectfully, dissent.

The long-standing rule, until today, is that when the statutory requirements for continuing applications are met, patents are not subject to attack on non-statutory grounds. It simply adds to the uncertainties of the patent grant, to create a new cause of action whereby routine actions, in full statutory compliance, can years later be challenged as having been done too late or having taken too long. The consequences of this new cause of action of "prosecution laches" have not been explored, for this court is presented only with the

concerns of those charged with infringing these Lemelson patents. However, the consequences are not limited to this case, but will open legally granted patents to a new source of satellite litigation of unforeseen scope, for the continuation practice is ubiquitous in patent prosecution.

The plaintiffs rely on two cases, decided in 1923 and 1924, which they say established the principle of laches in patent prosecution. These cases did not establish such a principle. In *Woodbridge v. United States*, 263 U.S. 50 (1923) the applicant waited nine years after the patent had been allowed by the Patent Office and given a statutory one-year delay in issuance, before calling the non-issuance to the attention of the Patent Office and requesting issuance with changes. The Court held that Woodbridge had waited too long. Indeed so; surely this is not "laches," for Woodbridge had already lost his statutory right to the patent. And in *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924) the applicant presented, in a divisional application, claims covering subject matter in an adverse patent, five years after issuance of the adverse patent, with which the applicant had previously lost an interference; a sequence that the Court struck down as "laches." *In Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 166-68 (1938) the Court made clear that *Webster* did not present a general requirement that divisional applications must be filed within two years after the issuance of the parent, or that claims must be presented within two years after issuance of an intervening patent.

Any doubt as to the reach of these cases was resolved in the 1952 Patent Act, which codified the rules for continuing and divisional applications. The codifiers undoubtedly recognized the many purposes served by the various statutory forms of continuing applications, for they chose not to place time limits on their use, beyond those placed by the statute. I take note that when the Patent Office sought to limit the number of continuations to three, the CCPA rejected that

position; in *In re Henriksen*, 399 F.2d 253, 158 USPQ 224 (CCPA 1968), the court discussed the genesis of § 120 and stated that the imposition of new limits on the continuation practice "is for Congress to decide." Id. at 262, 158 USPQ at 231.

Lemelson is not here charged with violation of §120 or §121. Nor is he charged with fraudulent conduct, deception, or other wrongdoing. The only charge is that, despite full compliance with statute and regulation, he took too long to present his claims.[1] This case is surely distinguished from *Woodbridge*, where a one-year delay that was authorized by statute became a nine-year forfeiture by the applicant. And it is surely distinguished from *Webster*, which was directed to interference practice and led to the one-year time limit for copying claims set in 35 U.S.C. § 135(b).

I have no doubt that compliance with statutory law can lead to inequity in individual cases. However, unless one is prepared to abandon the rule of law in favor of subjective judicial preferences, when there is a statute it must prevail. This court has twice rejected the position now taken, in *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. May 26, 1988) and *Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir.

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[1] Although the merits of the asserted "prosecution laches" are not before us, we take note of the declaratory plaintiffs' continuing reference to "submarine" patents. The limited record provided to us shows that Lemelson's original patents, filed in 1954 and 1956, issued in 1962 and 1963, and thus expired in 1979 and 1980. The record also shows that ten divisional patents were subject to terminal disclaimers, one of which has a life of only one year and another of four years. The record shows that other patents are continuations-in-part. Both sides outline their positions: the plaintiffs allege that Lemelson has unfairly enlarged the scope of his original patents and is unreasonably threatening suit, while Lemelson answers that his first patents issued long ago and are not expired, that any later claims not patentably distinct are subject to attack on the established grounds of invalidity or terminal disclaimer, and that all of his filings complied with the statute.

Feb 18, 1999),[2] the court pointing out that the statute authorized the continuation practice here criticized.

In *Ricoh* the court held that "absent congressional indication that intervening rights are to be applied in the context of continuation applications, we reject Nashua's argument that we should judicially adopt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so." 1999 WL 88969 at *3. In *Bott* the court observed that "we have not been directed to anything in the legislative history of the 1952 Act that supports Four Star's contention that the equitable considerations discussed in the Supreme Court cases relied on by Four Star [*Webster* and *Crown Cork*] should have continued viability." 1998 WL 54107 at *1. The court cited *In re Hogan*, 559 F.2d 595, 604 n.15, 194 USPQ 527, 536 n.15 (CCPA 1977) ("It is immaterial under 35 U.S.C. § 120 that the subject matter [of a claim in the continuing application] was not specifically claimed in the [parent] application.") and *In re Henrikson*, 399 F.2d at 262, 158 USPQ at 231 (the benefits of § 120 are a matter of entitlement) in refusing to impose time restrictions on continuation practice.

Bott and *Ricoh* were designated "nonprecedential" and this court's permission to discuss them was granted "reluctantly." My colleagues on this panel decline to recognize them. While I fully agree that a court is allowed to and indeed must have the right to issue nonprecedential opinions, at a minimum these two opinions, the Federal Circuit's only word on the topic, point up the diversity of continuation practices. Other courts that have considered the matter have also declined to intervene into the statutory scheme for continuing applications. *See, e.g., Progressive Games Inc. v. Amusements Extra Inc.*, 51 USPQ2d 1849 (D. Colo. 1999);

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[2] These nonprecedential opinions were permitted to be discussed in this case on Lemelson's motion.

Ford Motor Co. v. Lemelson, 42 USPQ2d 1706 (D. Nev. 1997); *Advanced Cardiovascular Sys. v. Medtronic Inc.*, 41 USPQ2d 1770 (N.D. Cal. 1996); *Price v. Code Alarm Inc.*, 26 USPQ2d 1616 (N.D. Ill. 1992). All of these decisions reinforce the position that the court should stick with the statute, and that any further restraint should be by statutory change.[3]

The panel majority states that equitable defenses are by statute available in infringement actions. Indeed they are. *See* 35 U.S.C. § 282. However, the issue here is not the defense of laches to the tort of infringement; it is whether a statutorily authorized action nonetheless can render the patent permanently unenforceable. My concern is with the court's ruling that an applicant's full adherence to statutory procedures can nonetheless deprive the applicant, retrospectively, of a property right that was granted in accordance with law. Lest authorized acts of patent prosecution be forever tainted by the potential defense that they should have been done sooner than the statute required, we should adhere to the statute. In *United States v. American Bell Tel. Co.*, 167 U.S. 224, 247 (1897) the Court stated: "No court can disregard any statutory provisions in respect to these matters on the ground that in its judgment they are unwise or prejudicial to the interests of the public." As the Court explained, an inventor is not "under a sort of moral obligation to see that the public acquires the right to the free use of that invention as soon as is conveniently possible." *Id.* at 250.

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[3] The statute has indeed been changed. In connection with the Uruguay round of the General Agreement on Tariffs and Trade the United States agreed to limit the life of all future patents to twenty years from the filing of the earliest application from which priority is claimed. This change was made as an accommodation to international patent harmonization in the context of world trade. However, despite urging by interests including these plaintiffs, the change was not made applicable to existing patents or to pending applications filed before June 8, 1995. The present ruling will achieve the retroactive effect that was legislatively rejected.

The district court here correctly held that it "is improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice." *Symbol*, slip op. at 13. The issue now before us has been considered in various legislative proposals and rejected. It is inappropriate for this court, under the guise of equity, to change the law and adopt the position that was rejected by the Congress. Our precedent has acknowledged that "a limit upon continuing applications is a matter of policy for the Congress, not for us . . . . The law set forth in 35 U.S.C. §§ 112 and 120 is the same for all applications, whether of long or short pendency." *Hogan*, 559 F.2d at 604 n.13, 194 USPQ at 536 n.13. We should lay to rest this new source of uncertainty and variability in continuation practices, lest we insert a taint into every patent that has invoked these statutory procedures.

APPENDIX B

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

[Filed Mar 20, 2000]

CV-N-99-0397-PMP(PHA)
(Base File)

SYMBOL TECHNOLOGIES, INC., *et al.*,
Plaintiffs,

v.

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Defendant.

CV-N-99-0533-PMP (PHA)

COGNEX CORPORATION,
Plaintiff,

v.

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Defendant.

ORDER

I. INTRODUCTION

Before the Court for consideration are Motions to Dismiss, Transfer or Stay Proceedings filed in both of the above-referenced cases.

In Case CV-N-99-0397-PMP (PHA), Defendant Lemelson Medical, Education & Research Foundation ("Lemelson")

filed a Motion to Dismiss, Transfer or Stay Proceedings (Doc. #31) filed on October 15, 1999. On November 1, 1999, Plaintiffs Symbol Technologies, Inc. ("Symbol"), Accu-Sort Systems, Inc. ("Accu-Sort"), Intermec Technologies Corp. ("Intermec"), Metrologic Instruments, Inc. ("Metrologic"), PSC Inc. ("PSC"), Teklogix Corp. ("Teklogix") and Zebra Technologies, Corp. ("Zebra") (collectively "Plaintiffs") filed their Opposition to Lemelson's Motion to Dismiss, Transfer or Stay Proceedings (Doc. #33). Lemelson filed a Reply on November 12, 1999 (Doc. #34).

In Case CV-N-99-0533-PMP (PHA), Defendant Lemelson Medical, Education & Research Foundation filed a Motion to Dismiss, Transfer or Stay Proceedings (Doc. #31) filed on December 17, 1999. On January 10, 2000, Plaintiff Cognex Corporation ("Cognex") filed its Opposition to Lemelson's Motion to Dismiss, Transfer or Stay Proceedings (Doc. #33) Lemelson filed a Reply on January 28, 2000 (Doc. #35)

Both of these cases were reassigned to the undersigned on December 3, 1999. Because these cases are related and will be consolidated by the Court, the foregoing Motions are being considered together in this single Order.

II. FACTUAL BACKGROUND

Plaintiffs are engaged in the business of designing, manufacturing and selling bar code scanners and related products. Plaintiffs claim that their customers have been threatened with numerous lawsuits by Lemelson arising from their use of Plaintiffs' products in their own business endeavors. Plaintiffs have brought the present lawsuit arguing that they will be forced to indemnify their customers if the Lemelson patents have been infringed upon and could be subject to direct lawsuits by Lemelson in the future. Plaintiffs claim they have already received numerous requests for indemnification by various customers.

Lemelson claims it is the owner by assignment of about one hundred eighty-five (185) unexpired patents and numerous pending patent applications of Jerome H. Lemelson. The patents at issue generally involve machine vision and automatic identification ("Auto-ID"). Machine vision is described as use of a computer system to analyze images obtained by means of a camera or scanner. Auto-ID is a type of machine vision commonly seen as bar code reading technology. Machine vision and Auto-ID are widely used by manufacturers and some of these manufacturers constitute Plaintiffs' customers.

Lemelson claims in defending its patents that it will only pursue process claims and not apparatus claims against any alleged infringer. Process claims are described by Lemelson as involving the use of machine vision or Auto-ID in a manufacturing process, while apparatus claims involve the actual equipment used in such process. Process claims are directed at Plaintiffs' customers while apparatus claims would be directed at Plaintiffs themselves. Lemelson argues that manufacturers who use machine vision and Auto-ID are direct infringers, while Plaintiffs, because they supply the parts of an overall bar code scanning system, are at best only contributory infringers. Lemelson has instituted process claims against manufacturers of automobiles, computers, semiconductors, and electronic products but has thus far not made any direct claims against Plaintiffs.

Lemelson currently has two pending actions in the District of Arizona (*Lemelson Foundation Partnership v. Intel, et al.*, Case No. CIV 98-1413 PHX PGR (HRH) and *Lemelson Foundation Partnership v. Lucent Technologies, et al.*, Case No. CIV 99-0377 PHX RGS (HRH)), which it claims involve the same patents at issue in this case. Plaintiffs argue however, that the Arizona cases also involve different patents, products and technologies not at issue in this dispute.

III. STANDARD FOR MOTION TO DISMISS

The Declaratory Judgment Act permits a federal court to "declare the rights and other legal relations of any interested party seeking such declaration . . . ." 28 U.S.C.A. § 2201(a)(1994); *See Societe de Conditionnement en Aluminium v. Hunter Engineering Co.*, 655 F.2d 938, 942 (9th Cir. 1981). Generally in order to show that there is an actual case or controversy, "a party is required to show that, under all the circumstances of the case, there is a substantial controversy between parties having adverse legal interests, and the controversy is of sufficient immediacy and reality to warrant declaratory relief." *Hal Roach Studios, Inc. v. Richard Feiner and Company, Inc.*, 896 F.2d 1542, 1555 (9th Cir. 1990) (citing *Societe de Conditionnement*, 655 F.2d at 942). The requirements of a case or controversy are no less strict under the Declaratory Judgment Act than in other cases. *See Cardinal Chemical Co. v. Morton International Inc.*, 508 U.S. 83, 94 (1993) (citation omitted). At the trial court level, the party seeking a declaratory judgment has the burden of establishing an actual case or controversy. See *id.* at 95 (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-241 (1937)). A plaintiff may establish an actual controversy by the totality of circumstances. *See Spectronics Corp v H.B. Fuller Co.*, 940 F.2d 631, 634 (Fed. Cir. 1991) (citations omitted). "In ruling on a motion to dismiss for lack of subject matter jurisdiction, we may consider not only the facts alleged in the plaintiff's well-pleaded complaint, but also any other evidence submitted on the issue." *Dow Chemical Co. v. Viskase Corp.*, 892 F. Supp. 991, 992 (N. D. Ill. 1995)(citing *Field Container Co. v. Somerville Packaging Corp.*, 842 F.Supp. 338, 341, n. 3 (N.D. Ill. 1994).

In considering a motion to dismiss for failure to state a claim, the factual allegations of Plaintiffs` Complaint must be presumed to be true, and this Court must draw all reasonable inferences in favor of Plaintiffs. *See Usher v. City of Los*

Angeles, 828 F. 2d 556, 561 (9th Cir. 1987). The issue is not whether Plaintiffs will ultimately prevail, but whether they are entitled to offer evidence in support of their claims. *See Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974). Consequently, the Court may not grant a motion to dismiss for failure to state a claim, "unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957). The Court does not, however, necessarily assume the truth of legal conclusions merely because they are cast in the form of factual allegations in Plaintiffs' Complaint. *See Western Mining Council v. Watt*, 643 F.2d 618, 624 (9th Cir. 1981).

IV. DISCUSSION

Lemelson argues in its Motion to Dismiss, Transfer or Stay Proceedings that there is no case or controversy between the parties. Lemelson also argues that if subject matter jurisdiction is found, this Court in its discretion should decline to exercise it. In the alternative, Lemelson contends that this Court should either transfer the case to the District of Arizona or stay all proceedings pending the conclusion of ongoing cases in that District. Finally, Lemelson asserts that Plaintiffs` fourth cause of action for laches fails to state a claim upon which relief can be granted. For the reasons set forth below this Court concludes that the present dispute meets the requirements for a case or controversy, the case should not be transferred to another district or stayed at this time and Plaintiffs` fourth cause of action fails to state a claim upon which relief can be granted.

In order to satisfy the case or controversy requirement in a patent case seeking declaratory relief there are generally two requirements. First, Defendant's conduct must create a reasonable apprehension in Plaintiffs that the Defendant will initiate suit if the alleged infringing activity continues. Second, Plaintiffs must actually have either produced the

device or have prepared to produce the device that is allegedly infringing. *See Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 736 (Fed. Cir. 1988). The test is objective and applies to the facts that existed when the Complaint was filed. *See Id.* (citation omitted). To meet the first prong of the test it is sufficient that reasonable apprehension of a lawsuit be created in Plaintiffs' customers. *See Id.* " [A] course of conduct on the part of the defendant which would cause a reasonable man to fear that he or his customers face an infringement suit or the threat of one is sufficient." *Grafon Corp. v. Hausermann*, 502 F.2d 781, 784 (7th Cir. 1979) (citation omitted).

As to the first prong, various customers of Plaintiffs have a reasonable apprehension of a potential lawsuit brought by Lemelson. In a form letter dated February 18, 1998, and purportedly sent to some of Plaintiffs' customers, Lemelson specifically stated "[t] he purpose of this letter is to give your company notice of infringement . . . and to offer it a license under those patents on very favorable terms." (Pls.' Opp' n to Def's Mot. to Dismiss, Ex. A). Language such as "[t]o encourage prompt settlement . . ." and "[p]lease understand that a lawsuit for infringement of the Lemelson patents will be filed at or before conclusion of the Ford litigation, unless a license agreement is accepted . . .", conveys a specific threat of litigation sufficient to find reasonable apprehension. Later letters are substantially similar, and while they omit a specific threat of litigation, such a threat is implied. In both sets of letters Lemelson makes reference to the fact that as many as ore hundred companies have already received licenses and that in the aggregate such companies have paid many millions of dollars for such licenses. Also found in the letters is a reference to how many lawsuits have been filed by Lemelson and against what specific companies. Use of such language conveys a message that Lemelson actively pursues its claims of infringement and that unless a licensing agreement is reached between the parties, litigation would be forthcoming.

The letters serve to show that Lemelson had effectively decided that there had been infringement and that it intended to file a lawsuit. *See EMC Corp. v. Norand*, 89 F.3d 807, 812 (Fed. Cir. 1996).

While Lemelson specifically states that it will not pursue any claims of past or present infringement against Plaintiffs, such a statement does not preclude Lemelson from pursuing such claims in the future. (Def's. Mot. to Dismiss, p. 6). More importantly, Plaintiffs are at a substantial risk of having to indemnify their customers for costs associated with the infringement of any Lemelson patent. In this case the fear of indemnification is reasonable. *Viking Injector Co. Inc. v. Chemtron Inc.*, 29 U.S.P.Q.2d 1547, 1549 (M.D. Pa. 1993). Plaintiffs do not merely have a substantial economic interest in the dispute, since indemnification is a legal obligation. *Dow Chemical*, 892 F.Supp. at 997. Plaintiffs include numerous affidavits with their Opposition describing contractual obligations to indemnify or defend their customers.

Specifically, Symbol states that it has received numerous requests for indemnity both written and oral. In his Declaration, Leonard H. Goldner states that Symbol has agreed to defend and indemnify customers as stated in specific agreements or pursuant to Symbol's standard indemnity provision. (Decl. of Leonard Goldner, p. 3, ¶ 9). Symbol claims that it has expressly agreed to indemnify three customers and has confirmed that it will fulfill its indemnity obligation to ten others. (*See Id.* at p. 3 ¶ 9, 10). Symbol has also received indemnity requests from three customers who have settled with Lemelson and are now seeking contribution from Symbol. *See Id.* At p. 3, ¶ 11). Lemelson acknowledges that it has sent inquiry letters to sixty-four of Symbol's customers, that it has licensed twenty-nine and has sued seven in pending lawsuits in the District of Arizona. (Def's Mo. To Dismiss, p. 16).

In a Declaration by Steven M. Luscinski, Accu-Sort claims it has received fifty customer requests for defense and indemnity while not acknowledging that it is required to indemnify any of its customers. (Decl. of Steven Luscinski, p. 2, ¶ 5, 6). Paragraph six of Accu-Sort's standard agreement however, states that it will "defend, at its expense, and [] pay the cost and damages incurred in settlement or awarded as a result of any action under such claim . . . ." (Decl. of Steven Luscinski, Ex. A). Thus there is still a question of whether Accu-Sort would be required to indemnify its customers. Lemelson has licensed six of Accu-Sort's customers, sued two in the Arizona proceedings and twenty customers were sent letters. (Def's. Mo. to Dismiss, p. 10).

Intermec states that it will defend and indemnify customers pursuant to its standard agreement. (Decl. of M. Michael Carpenter, p. 2, ¶ 5). It has received numerous requests for indemnification and has honored an indemnification request by Southwest Airlines. (*See Id.* at p. 3, ¶ 8) Two companies, Micromotion and Furniture International Inc., have stopped all acquisitions of Intermec products until the present dispute is concluded. (*See Id.* at p. 3, ¶ 10). Lemelson has already licensed forty-eight of Intermec's customers, sued seven in the Arizona lawsuit and has sent letters to forty-six. (Def's. Mo. to Dismiss, p. 14, 15).

Metrologic is similar. It also has agreed to indemnify its customers pursuant to its standard indemnity provision. (Decl. of Nancy A. Smith, p. 2, ¶ 5). It has received six formal requests for indemnification and has affirmed its responsibility for its indemnity obligations. (*See Id.* at p. 2, ¶ 6). Lemelson has already licensed four of Metrologic's customers and has contacted three more. (Def's. Mo. to Dismiss, p. 11).

PSC has received sixteen written requests for indemnification as well as a number or oral requests. (Decl. of Elizabeth J. McDonald, p. 2, ¶ 5) Six customers have been

licensed thus far by Lemelson and inquiry notices have been sent to five. (Def's Mo. to Dismiss, p. 11, 12).

Teklogix has also agreed to indemnify its customers as part of its standard terms and conditions of sale. (Decl. of Constance L. Crosby, p. 1, ¶ 4). It has received ten requests for indemnification. (*See Id.* at p. 2, ¶ 5). Two customers have been licensed by Lemelson and inquiry notices have been sent to four. (Des's. Mo. to Dismiss, p. 12).

The last Plaintiff, Zebra has received more than seven requests for indemnification and all requests have been based upon Zebra's standard indemnity provision. (Decl. of John Kindsvater, p. 2, ¶ 6). Lemelson has licensed four customers, sent inquiry notices to two and three are presently Defendants in the Arizona proceedings. (Def's. Mo. to Dismiss, p. 13).

This Court also finds that some Cognex customers have a reasonable apprehension of suit by Lemelson sufficient to warrant the conclusion that this case presents an actual case or controversy, thereby allowing this Court to retain jurisdiction over the matter. In his Declaration, Michael L. Steir states that Cognex has agreed to indemnify its customers against patent infringement claims and that Cognex has received numerous requests for indemnification from its customers. (Decl. of Michael L. Steir, p. 3, ¶ 9, p. 4, ¶ 11, 12, p. 5 ¶ 14). Cognex has received requests from Westvaco and Gould Electronics for indemnity in the amounts of $250,966.00 and $46,071.00, respectively. (*Id.* at p. 5, ¶ 15). Cognex also claims that Lemelson has caused it to lose sales and business in other ways. (*Id.* at p. 6, ¶ 16, p. 7, ¶ 17). Lemelson acknowledges that it has licensed nineteen of Cognex's customers, that five Cognex customers are defendants in pending litigation in Arizona and that Lemelson has contacted other Cognex customers in writing. (Def's. Mot. to Dismiss, p. 8-11).

The second prong of the test requiring that Plaintiffs must actually have either produced the device or have prepared to produce the device that is allegedly infringing, is only in issue with regard to Zebra. Lemelson does not dispute, with the exception of Zebra, that Plaintiffs' products are infringing. Zebra, is the leading manufacturer of bar code label printing systems and also sells hand-held bar code scanners. Lemelson claims that Zebra has not demonstrated that its products could constitute infringement of the applicable Lemelson patents. While it is less certain that bar code label printing systems could infringe upon the Lemelson patents, Zebra also sells hand-held bar code scanners which could infringe. As such Zebra has adequately demonstrated that its products could infringe.

Lemelson argues that this Court should in its discretion decline to hear the merits of this case. None of the arguments made by Lemelson however, are sufficiently persuasive. Lemelson presents no evidence in support of its claim that the present dispute is merely a public relations tool brought by Plaintiffs. Lemelson's claim that only a small percentage of Plaintiffs' customers have been "threatened" does not alone justify preventing Plaintiffs from seeking relief in this Court. 28 U.S.C.A. § 1404(a) states, "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C.A. § 1404(a) (1993). While not addressing the issue of whether this dispute could have been properly brought in the District of Arizona, this Court is unpersuaded that the transfer of this matter to that district would be of any direct benefit to the parties.

The remaining issue presented to this Court is whether the fourth count of Plaintiffs' Complaint fails to state a claim upon which relief can be granted. It is unnecessary to go into a lengthy analysis of the pertinent case law since the same issue was decided by this Court in 1997. In *Ford Motor Co. v.*

Lemelson, 42 U.S.P.Q.2d. 1706 (1997), the Honorable Lloyd D. George, Senior United States District Judge, held that "Lemelson's use of the continuation applications process may have exploited an open area of patent practice, [but] the court should not intervene in equity to regulate what Congress has not." *Id.* at 1707. It is therefore improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice. *Id.* at 1709. This Court agrees with the decision and reasoning in *Ford Motor*. Thus Plaintiffs' fourth count fails to state a claim upon which relief can he granted.

V. CONCLUSION

IT IS THEREFORE ORDERED that Lemelson's Motions to Dismiss, Transfer or Stay Proceedings (Doc. #31 in CV-N-99-0397-PMP (PHA) and Doc. #31 in CV-N-99-0533-PMP (PHA)) are hereby GRANTED in part and DENIED in part. Lemelson's Motions to Dismiss for lack of subject matter jurisdiction are hereby DENIED. Lemelson's Motions to transfer the cases to the District of Arizona or to stay the cases pending the conclusion of two lawsuits in the District Arizona are hereby DENIED. Lemelson's Motion to Dismiss for failure to state a claim with regard to the fourth count in CV-N-99-0397-PMP (PHA) is hereby GRANTED. Lemelson's Motion to Dismiss for failure to state a claim with regard to the fifth count in CV-N-99-0533-PMP (PHA) is hereby GRANTED [1]

[1] In its Opposition, Cognex repeatedly refers to Lemelson's Motion to Dismiss the fourth count of the Complaint. Lemelson's Motion to Dismiss however, refers only to the fifth count of the Complaint. This Court will thus interpret Cognex's Opposition as referring to only the fifth count.

IT IS FURTHER ORDERED that CV-N-99-0397-PMP (PHA) shall be consolidated with CV-N-99-0533-PMP (PHA), this Court having found the issues in such cases to be substantially similar. CV-N-0397-PMP (PHA) shall serve as the base file for all further matters and future filings.

DATED: March 15, 2000

/s/ Philip M. Pro
PHILIP M. PRO
United States District Judge

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

[FILED: March 20, 2002]

00-1583

SYMBOL TECHNOLOGIES, INC., ACCU-SORT SYSTEMS, INC., INTERMEC TECHNOLOGIES CORPORATION, METROLOGIC INSTRUMENTS, INC., PSC INC., TEKLOGIX CORPORATION, ZEBRA TECHNOLOGIES CORPORATION and COGNEX CORPORATION,
Plaintiffs-Appellants,

v.

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Defendant-Appellee.

ON PETITION FOR REHEARING EN BANC
(Corrected: March 25, 2002)

ORDER

A petition for rehearing en banc having been filed by the Appellee, and a response thereto having been invited by the court and filed by the Appellants,[1] and the matter having first been referred as a petition for rehearing to the merits panel that heard the appeal, and thereafter the petition for rehearing en banc, response and amicus briefs having been referred to

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[1] Amicus curiae briefs were filed by:

a-The National Association of Patent Practitioners.
b-The National Retail Federation.

the circuit judges who are in regular active service, and authorized to request a poll whether to rehear the appeal en banc,

A poll having been requested, taken, and failed.

Upon consideration thereof,

IT IS ORDER THAT:

(1) The petition for rehearing is denied.

(2) The petition of rehearing en banc is denied.

(3) The mandate of the court will issue on March 27, 2002.

Circuit Judge MICHEL, Circuit Judge SCHALL, Circuit Judge LINN, Circuit Judge DYK, and Circuit Judge PROST did not participate in the vote.

Circuit Judge NEWMAN, Circuit Judge LOURIE, and Circuit Judge RADER would rehear the appeal en banc.

FOR THE COURT

/s/ Jan Horbaly
JAN HORBALY
Clerk

Date: March 20, 2002

cc: Jesse J. Jenner, Esq.
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Supreme Court, U.S.
FILED
AUG 14 2002
OFFICE OF THE CLERK

No. 01-1855

IN THE

Supreme Court of the United States

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, PETITIONER

v.

SYMBOL TECHNOLOGIES, INC., COGNEX CORPORATION, ET AL.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR THE RESPONDENTS IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the court of appeals correctly rejected petitioner's claims that the doctrine of laches recognized by this Court with respect to patent prosecution (i) is limited to the interference context or (ii) was superseded by the 1952 Patent Act.

2. Whether a court of appeals may constitutionally designate some of its panel opinions as non-precedential.

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IN THE

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LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, PETITIONER

v.

SYMBOL TECHNOLOGIES, INC., COGNEX CORPORATION, ET AL.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR THE RESPONDENTS IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-19a) is reported at 277 F.3d 1361. The opinion of the district court (Pet. App. 20a-31a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on January 24, 2002. A petition for rehearing was denied on March 25, 2002 (Pet. App. 32a-33a). The petition for a writ of certiorari was filed on June 18, 2002. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATEMENT

Petitioner argues principally (*see, e.g.*, Pet. 2-3, 8-20) that it is entitled to enforce patent claims that were first sub-

mitted to the Patent and Trademark Office decades after the initial patent application on which they purport to rely, and long after the products accused of infringing were first introduced to the market by others. The court of appeals simply confirmed that, under this Court's cases, respondents should be given an opportunity to show that the equitable principle of laches bars enforcement of those claims, even if the long delay in submitting them did not violate any express provision of the Patent Act. That interlocutory decision, applying settled law, does not warrant review by this Court.

1. A brief review of some of the rules and practices relating to patent applications provides necessary background for a discussion of the equitable doctrine at issue in this case.

Every patent application includes a "specification," which must

> contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and . . . set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112. The specification concludes with one or more "claims," which "particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention." *Id.*; *see also, e.g.*, *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996). "Out of all the possible permutations of elements which can be made from the specifications, [the inventor] reserves for himself only those contained in the claims." *Milcor Steel Co.* v. *George A. Fuller Co.*, 316 U.S. 143, 146 (1942) (internal quotation marks and citation omitted); *see also Johnson & Johnston Assocs.* v. *R.E. Serv. Co.*, 285 F.3d 1046, 1052-53 (Fed. Cir. 2002) (en banc) (per curiam). The combination of full disclosure and distinct claims serves both to "'secure to [the

patentee] all to which he is entitled, [and] to apprise the public of what is still open to them.'" *Markman*, 517 U.S. at 373 (quoting *McClain* v. *Ortmayer*, 141 U.S. 419, 424 (1891)) (alterations in original); *see also Festo Corp.* v. *Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. 1831, 1837 (2002) ("A patent holder should know what he owns, and the public should know what he does not.").

A patent holder or applicant may conclude that his original application should have included additional specific claims, covering subject matter already disclosed in the specification. If this occurs after a patent has issued, the holder may in some circumstances obtain a "reissued" patent, good for the remainder of the original patent term, on the ground that "through error without any deceptive intention, . . . [he] claim[ed] less than he had a right to claim in the patent." 35 U.S.C. § 251. If it occurs while an application is pending, the applicant may ask the Patent and Trademark Office (PTO) to consider new claims based on the original specification. Mechanisms for such a request include a "continuation" application, which asserts new claims without seeking to introduce any "new matter" into the original description of the invention, or a "continuation-in-part" (CIP) application, which adds some new matter, but relies in part on the original description. *See Johnson & Johnston*, 285 F.3d at 1055. An applicant may also file a "divisional" application, which is "carved out of a pending application," and which purports to claim "an independent or distinct invention" while still "disclosing and claiming only subject matter disclosed in the earlier or parent application." U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure* § 201.06 (8th ed. 2001); *see, e.g., Transco Prods. Inc.* v. *Performance Contracting, Inc.*, 38 F.3d 551, 555-56 (Fed. Cir. 1994). Continuation, CIP, and divisional applications (known collectively as "continuing" applications) all developed as "creature[s] of patent office practice and case law," although the practice was codified to some extent when

Congress revised the Patent Act in 1952. *Transco*, 38 F.3d at 556; *see also* 35 U.S.C. §§ 120-21.

Any claim ultimately allowed on a continuing application, with respect to subject matter that was fully disclosed in the original application, benefits from the original application's filing date. *See, e.g., Transco*, 38 F.3d at 556-57. This means that subject matter disclosed but not claimed in the original application may become the subject of a later patent based on the state of the art at the time of that application, without regard to intervening disclosures or developments by others—and to the exclusion of what would otherwise be the rights of later inventors. *See, e.g.*, Pet. 12 n.5; 35 U.S.C. §§ 102(b) and (e), 103; *Hazeltine Research, Inc.* v. *Brenner*, 382 U.S. 252, 254-55 (1965); *In re Wertheim*, 646 F.2d 527, 532-37 (C.C.P.A. 1981).

Until 1995, any patent that ultimately issued on a continuing application—sometimes years after the original application—conferred exclusive rights to the newly claimed invention for seventeen years *from the date of issue*. *See* 35 U.S.C. § 154 (1988).[1] And until 1999, additional claims in a continuing application remained secret unless and until a patent issued on that application. *See* 35 U.S.C. § 122 (1994).[2] Accordingly, parties using technology that they reasonably thought to be in the public domain, or covered only by known patents, could sometimes be confronted unexpectedly with new patents—often called "submarine" patents—that

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[1] In 1994, Congress amended Section 154 to provide that any patent granted on an application filed on or after June 8, 1995, will expire 20 years from the date on which the application was filed—or, in the case of a continuing application, from the date on which the earliest parent application was filed. 35 U.S.C. § 154(a)(2), *as amended by* the Uruguay Round Agreements Act, Pub. L. 103-465, § 532, 108 Stat. 4809, 4983-84 (1994); *id.* § 534(b)(1), 108 Stat. 4990 (effective date).

[2] In 1999, Congress amended Section 122 to provide that patent applications are generally to be published "promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought." 35 U.S.C. § 122(b)(1)(A) (Supp. V 1999).

purportedly conferred exclusive rights far into the future, with respect to inventions that were assertedly first disclosed in patent applications filed years before.

2. Petitioner is the assignee of various patents originally issued to Jerome Lemelson. In 1954 and 1956, Lemelson filed patent applications purportedly disclosing inventions relating to "machine vision" and "automatic identification" technology—generally, "use of a computer system to analyze images obtained by means of a camera or scanner." Pet. App. 22a. Patents first issued on the 1954 application in 1962 (expiring in 1979), and on the 1956 application in 1963 (expiring in 1980). Using numerous continuation, CIP, and divisional applications, however, Lemelson kept these 1950s applications alive over the ensuing decades, periodically asserting new claims covering additional subject matter that he had supposedly disclosed, but not claimed, in the 1954 and 1956 applications. *See* Pet. 5; *Ford Motor Co.* v. *Lemelson*, 40 U.S.P.Q.2d 1349, 1358-60 (D. Nev. 1996) (tracing history of applications and claims), *vacated*, 42 U.S.P.Q.2d 1706 (D. Nev. 1997). These late-breaking claims were typically drawn specifically to cover technology that others had, in the meantime, developed and put into commercial use. Indeed, in demanding payment from one alleged infringer, Lemelson's lawyer unabashedly admitted that "'[t]he claims of [Lemelson's] pending applications [were] all being carefully drawn to cover practices in widespread commercial use'" more than thirty years after Lemelson's purported 1950s priority date. *See Ford Motor Co.*, 40 U.S.P.Q.2d at 1360 (quoting letter from Lemelson's counsel to Sanyo Electric Co., Ltd.) (emphasis omitted).

In the early 1970s, Lemelson began asserting claims covering "machine vision," claiming reliance on his 1954 and 1956 disclosures. *Ford Motor Co.*, 40 U.S.P.Q. at 1358-59. In 1989 he began filing a new series of applications, "claiming for the first time that the original applications filed in 1954 and 1956 disclosed inventions relating to bar code technology." *Id.* at 1359. As petitioner's representative ad-

mitted during discovery in the ongoing proceedings below, Lemelson never built a working model of the supposed inventions at issue in this case. Deposition of Louis J. Hoffman, representing petitioner under Fed. R. Civ. P. 30(b)(6), taken Apr. 3, 2002, at 374; *see also* Andrews, *Rich in the 90's on Ideas Hatched in the 50's*, N.Y. Times, Nov. 13, 1992, at A1, D4. Indeed, modern machine-vision and bar-code technology as it actually operates bears little or no resemblance to what Lemelson described in his initial applications. *See* Varchaver, *The Patent King*, Fortune, May 14, 2001, at 203, 210. Nonetheless, Lemelson's insistent applications ultimately led to the issuance of numerous patents, including the fourteen at issue here. Seventy-four of the eighty claims at issue were first presented to the Patent Office between 1989 and 1992. Five were first presented in 1980, and one in 1972. Resp. Cognex's Mem. in Support of Summ. Judg. at 2 (filed July 12, 2002); Resp. Symbol's Mem. in Support of Summ. Judg. at 2 (filed July 12, 2002). Thus, for example, as respondents will show in the ongoing proceedings below, the first claims that could possibly cover the technology at issue here were not filed until years after that technology was placed on sale by others, including respondents. On the basis of these tardy claims, petitioner now asserts exclusive rights, extending in some cases through 2011, to "inventions" that Lemelson supposedly disclosed—but did not claim or exploit—in the mid-1950s.

3. a. Respondents Cognex Corporation, Symbol Technologies, Inc., *et al.* are actual designers, manufacturers, and sellers of machine-vision systems, bar-code scanners, and related products. Pet. App. 3a, 21a. In 1998, petitioner contacted a number of respondents' customers, alleging that they were infringing patents held by petitioner, threatening them with litigation, and offering to issue licenses on "'very favorable terms'" in order to "'encourage prompt settlement.'" *Id.* at 25a. Seeking to stop these threats against their customers, respondents filed two actions in the United States District Court for the District of Nevada, seeking a declaratory judg-

ment that the patents at issue are invalid, unenforceable, and not infringed. *Id.* at 3a-4a, 26a. Among other things, respondents argued that Lemelson delayed unreasonably and inexcusably in applying for patents on the claims at issue, and that the doctrine of prosecution laches therefore operated to bar enforcement of the delayed claims. *See id.* at 4a.

The district court granted petitioner's motion to dismiss respondents' claims of prosecution laches, on the authority of an earlier decision by the same court that it would be "improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice." *Id.* at 30a (citing *Ford Motor Co.* v. *Lemelson*, 42 U.S.P.Q.2d 1706, 1709 (D. Nev. 1997)). The court otherwise denied petitioner's motions to dismiss, transfer, or stay, consolidated the two cases for pretrial discovery purposes, and set the matter for further proceedings. *Id.* at 30a-31a. The district court certified its decision concerning prosecution laches for immediate appeal under 28 U.S.C. § 1292(b) and (c). *See id.* at 4a.

b. The court of appeals reversed. Pet. App. 1a-13a. The court first explained (*id.* at 5a-7a) that this Court had applied the doctrine of prosecution laches in *Woodbridge* v. *United States*, 263 U.S. 50 (1923), and *Webster Electric Co.* v. *Splitdorf Electrical Co.*, 264 U.S. 463 (1924), and had recognized its existence in other cases. The court rejected petitioner's argument that prosecution laches was limited to the context of claims copied from another patent to provoke an interference proceeding, noting that *Webster* did not involve such a proceeding, and that later cases suggested no such limitation. Pet. App. 7a.

The court also rejected (*id.* at 7a-10a) petitioner's argument that the 1952 enactment of statutory provisions dealing with continuation and divisional applications abrogated the doctrine of prosecution laches. The court pointed out (*id.* at 8a) that before 1952 continuing applications were governed by practice and case law, including the laches defense, and that nothing in the history of the 1952 Act suggests any in-

tention to displace that defense. To the contrary, the court observed, authoritative commentary on the 1952 Act indicates Congress's intention to preserve "'equitable defenses such as laches, estoppel and unclean hands,'" *id.* at 9a (quoting Federico, *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161, 215 (1993) (reprinting original commentary)), and "precedent has since recognized the prosecution form of laches." *Id.* at 10a (citing *Pratt & Whitney Co.* v. *United States*, 345 F.2d 838, 843-44 (Ct. Cl. 1965) (per curiam) (adopting Commissioner's Report)).

Finally, the court rejected (*id.* at 10a-13a) petitioner's contention that the courts of appeals are constitutionally bound to treat every panel decision as authoritative precedent, even if the rendering panel designated the decision as non-precedential under the full court's standing rules. Noting the long history of non-precedential opinions, the large volume of published cases, and the uniform federal appellate practice of issuing some non-precedential opinions (*id.* at 11a-12a), the court declined to consider two such opinions cited by petitioner (*id.* at 13a).

Judge Newman dissented in part. *Id.* at 14a-19a. She agreed that the panel was not bound by non-precedential decisions (*id.* at 17a), but she disputed the majority's reading of this Court's cases (*id.* at 15a), and would have held that so long as a patent applicant complies with the statutory requirements for filing a continuation application, enforcement of a patent issued on that application may not be barred on equitable grounds (*see id.* at 15a-16a, 19a).

c. Having reversed the dismissal of respondents' laches claims, the court of appeals remanded the case to the district court for further proceedings. *Id.* at 13a. Petitioner did not request a stay of proceedings in the district court. Motions for summary judgment, on laches and other issues, have been submitted, and trial (if necessary) is set for November 18, 2002.

ARGUMENT

The decision below is interlocutory, and addresses a legal question that is of limited prospective importance given recent statutory changes. In any event, the court of appeals merely confirmed the continued application of legal principles settled by decisions of this Court, and remanded the case so that respondents could make their factual case concerning Lemelson's laches in prosecuting the patent claims that petitioner now seeks to enforce. There is no reason for review by this Court.

1. There are two threshold reasons why this case does not warrant review. First, the decision below is interlocutory. The court of appeals confirmed that the prosecution-laches defense remains available in appropriate cases, but it did not determine whether respondents had established laches in this case. That issue is presently pending before the district court, along with respondents' other challenges to the validity, applicability, and enforceability of petitioner's patent claims. The district court might decide that respondents have not established laches; that petitioner's patents are invalid or unenforceable for other reasons; or that respondents and their customers have not infringed those patents. Until the district court has had an opportunity to make findings and draw legal conclusions on all pending issues, review by this Court would be at best premature.

Second, the 1994 statutory change noted above (*see* note 1, *supra*) has substantially altered the underlying law relevant to claims of prosecution laches. The rule that any patent issued on a continuing application filed after June 8, 1995, may extend no longer than 20 years after the date of the earliest application on which the inventor relies, *see* 35 U.S.C. § 154(a)(2), will eliminate the most egregious instances of abuse, such as those at issue here. Under that rule, for example, Lemelson could not have received a patent term extending past 1974 or 1976—more than 25 years ago—for any invention disclosed in his 1954 or 1956 applications, no matter

when he submitted particular claims for consideration by the PTO. Accordingly, the decision below, which deals with prosecution laches only in the context of the pre-1994 statutory scheme, is of limited and diminishing prospective importance.

2. Petitioner labors to create the impression that the court of appeals in this case "set . . . established principle[s] aside" by "adopt[ing] a doctrine of 'prosecution laches.'" Pet. 8-9; *see also id.* at i, 8-11, 23-25. That is not correct. To the contrary, the court merely confirmed the continuing force of a doctrine established years ago by this Court's cases.

As petitioner notes (Pet. 9), modern continuing-application practice stems from this Court's decision long ago that "simultaneously pending patent applications—resting on a common disclosure—[should be] treated not as separate requests for patent issuance but rather as part of one continuous application that bears the date of the original." *Godfrey* v. *Eames*, 68 U.S. (1 Wall.) 317, 324-25 (1864). When matters proceed in the ordinary course, continuation practice can help to "secure the patent to the first discoverer"—that is, to the inventor who originated an invention and first disclosed it in a patent application, even if that application for some reason failed to include particular claims. *Chapman* v. *Wintroath*, 252 U.S. 126, 137 (1920). What petitioner fails to explain, however, is that the Court has also long recognized that in some circumstances, prolonged delay in seeking protection for particular claims may constitute an abuse of the patent process and unfairly prejudice the intervening rights of the public—a result that courts of equity will intervene to prevent.

Some of the Court's earliest decisions on this point involved reissue practice. *See* p. 3, *supra*. While reissuance serves the salutary purpose of allowing inventors to correct errors and oversights, it may also work to the disadvantage of those who have relied on the principle that a patent generally

protects only what is covered by its specific claims. More than a century ago, the Court observed:

> [Reissue] has come to be principally resorted to for the purpose of enlarging and expanding patent claims. And the evils which have grown from the practice have assumed large proportions. Patents have been so expanded and idealized, years after their first issue, that hundreds and thousands of mechanics and manufacturers, who had just reason to suppose that the field of action was open, have been obliged to discontinue their employments, or to pay an enormous tax for continuing them.

Miller v. *Brass Co.*, 104 U.S. 350, 354-55 (1881). The Court held that, as a matter of equity, "[t]he granting of a reissue for such a purpose, *after an unreasonable delay*, is clearly an abuse of the power to grant reissues, and may justly be declared illegal and void." *Id.* at 355 (emphasis added). Later cases established that an unexplained delay of more than two years in seeking broadened claims on reissuance constituted laches as a matter of law, and precluded the reissuance of a patent—despite the absence of any such limitation on the face of governing statute. *Wollensak* v. *Reiher*, 115 U.S. 96, 99-102 (1885); *see also id.* at 99 (A patentee should realize if the original patent does not cover the entire invention as disclosed in the application; failure to address any deficiency "with reasonable diligence, constitutes laches which in equity disables the party who seeks to revive a right which he has allowed to lie unclaimed, from enforcing it to the detriment of those who have . . . been led to act as though it were abandoned."); *Mahn* v. *Harwood*, 112 U.S. 354, 362 (1884) ("[I]f a patentee has not claimed as much as he is entitled to claim, he is bound to discover the defect in a reasonable time, or he loses all right to a reissue."). Congress later codified and supplemented that rule as a matter of statutory law. *See* 35 U.S.C. § 251.

Although these decisions dealt with reissue practice, they invoked and applied the doctrine of laches as a general principle of equity. *See Wollensak*, 115 U.S. at 99, 101-02. The Court similarly invoked general principles in *Woodbridge* v. *United States*, 263 U.S. 50 (1923), which involved a patent application filed in 1852 for improvements to cannon balls. *Id.* at 51. When notified that same year that the patent would issue, Woodbridge requested a delay of a year, as permitted by the law then in effect. *Id.* at 52-53. After nine-and-a-half years, he asked the Patent Office to issue the original patent and to consider additional claims, which he had drafted to displace patents that had been issued to others in the interim. *Id.* at 53. The Patent Office refused to act because of the delay. *Id.* at 53-54. Years later, Congress passed a special statute allowing Woodbridge to sue in the Court of Claims for compensation for any use the government might have made of his invention during the 17 years after 1852—but only if the court first determined that Woodbridge had not "forfeit[ed], or abandon[ed], his right to a patent, by publication, delay, laches or otherwise." *Id.* at 51 (quoting Act of March 2, 1901, 31 Stat. 1788).

This Court observed that these terms of the special statute merely incorporated the recognized principle "that there may be forfeiture by delay or laches." *Id.* at 56-57 (citing *Kendall* v. *Winsor*, 62 U.S. (21 How.) 322, 329 (1858) (one "may forfeit his rights as an inventor by a willful or negligent postponement of his claims")). Reviewing the facts and discussing analogous cases, the Court concluded that forfeiture of any patent right was appropriate, because "the purpose and result of the conduct of the inventor were unduly to postpone the time when the public could enjoy the free use of the invention." *Id.* at 60. The Court emphasized that its conclusion rested not on an inference that Woodbridge had at any point abandoned his intention to obtain a patent, but rather on the fact that his dilatory conduct of the patent prosecution reflected "a deliberate and unlawful purpose to postpone the term of the patent [that he] always intended to secure." *Id.* at

59; *see also, e.g., id.* at 56 ("Any practice . . . through which [a patent applicant] deliberately and without excuse postpones beyond the date of the actual invention, the beginning of the term of his monopoly, and thus puts off the free public enjoyment of the useful invention, is an evasion of the statute and defeats its benevolent aim.").

The year after *Woodbridge* the Court again invoked laches, this time to bar issuance of a patent on a divisional application filed eight years after the original. *Webster Elec. Co.* v. *Splitdorf Elec. Co.*, 264 U.S. 463, 465 (1924). Relying heavily on *Wollensak*, the Court made clear that where there was "unreasonable delay and neglect on the part of the applicant . . . in bringing forward claims broader than those originally sought" (*id.* at 465-66), the same equitable principle that barred reissuance in *Wollensak*, *Mahn*, and *Miller* was also "controlling" in the context of a continuing application (*id.* at 469). Because the claims at issue appeared to have been brought finally as an "exigent afterthought," the Court had "no hesitation in saying that the delay was unreasonable, and . . . constitutes laches, by which the petitioner lost whatever rights it might otherwise have been entitled to." *Id.* at 466. Such a limitation was necessary, the Court observed, in order to prevent "an undue extension of the patent monopoly against private and public rights." *Id.* Turning to a different question also raised, the *Webster* Court then clarified (*id.* at 469-71) that its earlier decision in *Chapman* v. *Wintroath*, *supra*, had also rested on flexible equitable principles. *Chapman*, the Court explained, was to be read as establishing only a presumption, not a "hard and fast" rule (264 U.S. at 470-71), that a divisional or similar application would be barred by laches unless filed within two years of the issuance of a conflicting patent or other notice of the assertion of "intervening private or public rights" (*id.* at 471).

The Court reiterated and expanded that clarification some years later in *Crown Cork & Seal Co.* v. *Ferdinand Gutmann Co.*, 304 U.S. 159 (1938), in which the court of appeals had held that certain divisional patent claims were

barred by laches. This Court reversed, not because it questioned the existence of a potential laches bar, but because it concluded that the court of appeals had misapplied the doctrine by holding that divisional claims were *per se* untimely if filed more than two years after a patent first issued on the parent application. *See* 304 U.S. at 164, 166-68. Discussing *Webster* and adverting to that case's discussion of *Chapman* (*id.* at 165-68), the Court emphasized that the two-year period that would raise a prima facie laches bar ran from the time of "an intervening patent or publication" (*id.* at 168)—*i.e.*, from the arising of some right in conflict with further claims that might otherwise be asserted by the original patent applicant. Thus, *Crown Cork* confirmed and clarified the application of the basic laches doctrine in the continuing application context. *See id.* at 167-68. In a second case argued and decided at the same time, the Court reiterated the rule in the context of a continuation application—although again the laches defense was not made out on the facts of the case before the Court. *General Talking Pictures Corp.* v. *Western Elec. Co.*, 304 U.S. 175, 182-83 ("In the absence of intervening adverse rights for more than two years prior to the continuation applications, they were in time."), *reh'g granted and further decision issued on other grounds*, 305 U.S. 124 (1938).

Not surprisingly, the decisions rendered by this Court concerning laches in patent prosecution are reflected in others rendered by the lower courts. *See, e.g.*, *Pratt & Whitney*, 345 F.2d at 843-44 (patentee "presented no claim to the Patent Office . . . which could *possibly* cover the [product at issue] until . . . at least 5 years after the [product] had been in public use and on sale"); *Hazeltine Research, Inc.* v. *General Motors Corp.*, 170 F.2d 6, 8-9 (6th Cir. 1948) (under *Crown Cork*, "intervening rights will invalidate a later patent"); *Vitamin Technologists, Inc.* v. *Wisconsin Alumni Research Found.*, 146 F.2d 941, 951-52 (9th Cir. 1944) (relying on *Woodbridge* and *Webster* to hold claims, though "valid on their face," barred by laches); *Saco-Lowell Shops* v. *Rey-*

nolds, 141 F.2d 587, 595 (4th Cir. 1944) (after *Crown Cork*, "the rule of *Webster* . . . has application only where there are intervening rights which will be adversely effected"); *Wirebounds Patents Co.* v. *Saranac Automatic Mach. Corp.*, 65 F.2d 904, 906 (6th Cir. 1933). In light of this solid grounding in the case law, including decisions of this Court, there is no substance to petitioner's charge that the Federal Circuit's continuing recognition of the doctrine in this case represents some startling departure from "'the settled expectations of the inventing community.'" Pet. 23 (quoting *Festo*, 122 S. Ct. at 1841).[3]

3. Petitioner also renews in this Court its specific arguments that judicial recognition of prosecution laches has been limited to the context of claims copied from another patent to provoke an interference proceeding (Pet. 15-18), and that statutory provisions have in any event superseded this Court's decisions and left no room for courts to apply the laches doctrine (Pet. 12-15, 18-22). The court of appeals correctly rejected those contentions. Pet. App. 7a-10a.

a. There is no basis for petitioner's effort to limit prosecution laches to the interference context.[4] Despite petitioner's suggestion to the contrary (Pet. 16-18), the claims at issue in *Webster* itself were made and allowed only *after* an interference proceeding with respect to *other* claims had already been finally determined. *See Webster*, 264 U.S. at 464-65. Although the Court made reference to the interference

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[3] *Festo* reversed a decision in which the Federal Circuit had expressly changed longstanding rules governing prosecution-history estoppel. *See id.* at 1836-37. This case presents precisely the opposite situation.

[4] An interference proceeding is initiated by the PTO to determine which of two claimants was the originator of a particular invention, and hence is entitled to the patent. *See* 35 U.S.C. § 135. If A believes that a patent issued to B claims an invention covered by A's application, A may seek to provoke an interference, including by filing a continuing application that copies claims made in B's patent. *See, e.g.*, *Bruning* v. *Hirose*, 161 F.3d 681, 683 (Fed. Cir. 1998); *see also* Pet. 4 n.3.

(*see id.* at 466, 469), it based its decision on the conclusion that in the continuing application context, just as in the reissue context, equity should not tolerate undue delay in asserting claims, when in the interim "their subject matter was disclosed and in general use" (*id.* at 465). That rationale, focusing on whether delay by the applicant has likely resulted in prejudice to intervening rights of any kind, underlies all the prosecution-laches decisions, whatever the nature of the specific proceedings at issue.

Lower courts have also applied *Webster* and *Crown Cork* to hold patents invalid in cases involving continuing-application claims that were not drafted to provoke interferences.[5] Other decisions discuss prosecution laches without any indication that the doctrine is limited to the interference context.[6] Petitioner relies (Pet. 17) on *Wirebounds*, 65 F.2d

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[5] *See Pratt & Whitney*, 345 F.2d at 843-44 (laches where intervening rights arose during eight-year delay between initial application and divisional application); *Vitamin Technologists*, 146 F.2d at 952 (five-year delay in filing continuing application after subject matter was disclosed in article); *Utah Radio Prods. Co.* v. *Boudette*, 78 F.2d 793, 798-99 (1st Cir. 1935) (four-year delay after subject matter was known and in public use); *Monsanto Co.* v. *Rohm & Haas Co.*, 312 F. Supp. 778, 795-96 (E.D. Pa. 1970) (six-year delay after invention was in public use), *aff'd on other grounds*, 456 F.2d 592 (3d Cir. 1972).

[6] *See, e.g., Engineering Dev. Labs.* v. *Radio Corp. of Am.*, 153 F.2d 523, 526 (2d Cir. 1946) (Hand, L., J.) ("[*Webster*] likened a divisional application . . . to a reissue . . . and held that, when broadened claims were filed more than two years after the original application and when there had been 'intervening rights,' the delay must be explained in the same way as though it were a reissue."); *Saco-Lowell Shops*, 141 F.2d at 595 ("[*Webster*] holds, in general application of equitable principles, that where the filing of divisional claims has been unreasonably delayed they should not be allowed to the prejudice of intervening rights."); *Wire Tie Machine Co.* v. *Pacific Box Corp.*, 102 F.2d 543, 558 (9th Cir. 1939) (Under *Webster* and *Crown Cork*, "[i]n the case of divisional applications, if there have been intervening rights, the [laches] rule relative to reissues will be applied."); *Progressive Games, Inc.* v. *Amusements Extra, Inc.*, 83 F. Supp. 2d 1180, 1184 n.1 (D. Colo. 1999) ("[T]he Court

at 905-06, and *Wagenhorst* v. *Hydraulic Steel Co.*, 27 F.2d 27, 30 (6th Cir. 1928), which state that issuance of a patent to another discloses the existence of intervening rights, and that an applicant may not unreasonably delay in asserting claims after that disclosure; but neither decision holds or implies that *only* issuance of an adverse patent gives rise to intervening rights for laches purposes, and courts have in fact recognized other such rights. *See, e.g.*, *Vitamin Technologists*, 146 F.2d at 952 (invention disclosed in article); *Utah Radio Prods.*, 78 F.2d at 798-99 (invention put into public use). Finally, while petitioner can cite one treatise in support of limiting laches to interference cases (*see* Pet. 17), that position has been soundly refuted, and most commentators discuss the laches doctrine without suggesting any such limitation.[7] Accordingly, both this Court's cases and the great

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sees no justification in narrowing *Webster*'s application to unreasonable delays in interference proceedings.").

[7] *See* DeWitt, *Does Supreme Court Precedent Sink Submarine Patents?*, 38 IDEA 601, 621-22 & n.134 (1998) (refuting 4 D. Chisum, *Patents* § 11.05[1][b] (1997)); *see also* 2 E. Lipscomb III, *Walker on Patents* § 7:13, at 417 (3d ed. 1985) (discussing *General Talking Pictures Corp.* and *Crown Cork* without reference to interferences); 2 A. Deller, *Walker on Patents* § 135, at 658 (2d ed. 1964) ("[I]f an inventor intentionally or by reason of culpable neglect is guilty of action which unduly postpones the time when the public would be entitled to the free use of the invention and thus defeats the policy of the patent law, the right to a patent will be lost."); 2 A. Deller, *Walker on Patents* § 183, at 869-70 (1937 & Supp. 1948) (discussing *Webster* and *Woodridge* as addressing "[t]he evil of long pending applications and the dilatory presentation of claims many years after the application has been filed"); *id.* § 184, at 872-73 ("In the absence of laches, or estoppel by intervening rights, the rights under a divisional application relate back to the date of filing of the original application."); B. Stedman, *Patents* § 111, at 255-57 (1939) (discussing *Webster* and *Crown Cork* without mention of any interference limitation); Eschweiler, Ford v. Lemelson *and Continuing Application Laches*, 79 J. Pat. & Trademark Office Soc'y 401, 406-07 (1997); Marcus, *Is the Submarine Patent Torpedoed:* Ford Motor Co. v. Lemelson *and the Revival of Continuation Application Laches*, 70 Temple L. Rev. 521, 555-56 (1997); Seegrist, *Delay in Claiming*, 21 J. of Patent Office Soc'y 741, 781 (1939). Contrary to petitioner's suggestion (Pet. 18 n.8), nothing in

weight of other authority support the court of appeals' rejection of petitioner's position. Pet. 7a.

b. Petitioner's statutory arguments fare no better. To begin with, petitioner's refrain that Lemelson "me[t] all the requirements of Section 120" (Pet. 9) is beside the point here. No one questions, for present purposes, that Section 120 may entitle petitioner to 1954 or 1956 filing dates for the patents in suit here. (If it did not, the patents could not have issued in the first place, because of the advanced state of the art at the time petitioner submitted his later applications.) Prosecution laches is, instead, an equitable doctrine that will intervene to preclude the enforcement of those patents—if respondents make the requisite showing in the proceedings now pending in the district court. The doctrine's *premise* is that courts of equity will refuse to enforce patent claims under certain unusual circumstances—*i.e.*, where a patentee has delayed unreasonably in submitting those claims after intervening rights have arisen—*even though* the patentee complied with all statutory rules. *See also* note 11, *infra*.

Petitioner argues (Pet. 12-15) that 35 U.S.C. § 120 sets a statutory time limit for continuation applications, leaving no room for the application of equitable doctrines. But Section 120 provides only that an application claiming an invention that was disclosed but not claimed in a previous application will generally be entitled to the earlier application's filing date, "if filed before the patenting or abandonment of or termination of proceedings on the [parent] application." That language merely codifies one aspect of the practice of "continuing" applications that had developed under this Court's decision in *Godfrey* v. *Eames*, *supra*. *See Transco Prods.*, 38 F.3d at 556-57. That practice included the doctrine of prosecution laches. And there is no indication of "any congressional intent to alter the Supreme Court's interpretation of continuing application practice." *Id.* at 557; *see also* S.

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any of these authorities "flatly contradict[s]" the court of appeals' reading of this Court's cases.

Rep. No. 82-1979 (1952), *reprinted at* 1952 U.S.C.C.A.N. 2394, 2413 ("[Section 120] represents present law not expressed in the statute, except for the added requirement that the first application must be specifically mentioned in the second.").[8]

Section 120 does not specify any new time limit, such as 30 days or one year from the occurrence of a particular event, within which a "continuing" application must be filed.[9] Without some such indication of an intended change, the presumption is that Congress did not intend, by codifying one part of continuing-application practice, to displace the limited but important check this Court had placed on that practice through the doctrine of prosecution laches. *See, e.g., Warner-Jenkinson Co.* v. *Hilton Davis Chem. Co.*, 520 U.S. 17, 26-27 (1997) (enactment of statutory infringement provision "left intact the entire body of case law on direct infringement," including the doctrine of equivalents and prosecution-history estoppel (internal quotation marks omitted)); *Davis* v. *Michigan Dep't of Treasury*, 489 U.S. 803, 813 (1989) ("When Congress codifies a judicially defined concept, it is presumed, absent an express statement to the contrary, that Congress intended to adopt the interpretation placed on that

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[8] The Federal Circuit's opinion in *Transco* was written by Judge Rich, who was a principal draftsman of the 1952 Act. *See* Pet. App. 9a.

[9] The absence of any specific statutory time limit answers petitioner's attempted reliance (Pet. 10, 14) on *Overland Motor Co.* v. *Packard Motor Car Co.*, 274 U.S. 417 (1927). *Overland* involved a one-year period specifically set by statute for responding to any Patent Office action on an application, after which the application might be deemed abandoned. *See id.* at 422-23; *cf.* 35 U.S.C. § 133 (successor provision). Here, Congress has made no such decision. Legislative silence on the issue leaves ample room for the courts to continue to impose modest equitable restraints on delay in the submission of claims—an issue that would otherwise be left wholly unaddressed.

concept by the courts."). Nothing in Section 120 is inconsistent with that presumption.[10]

Petitioner also points out (Pet. 18-19) that Congress has enacted specific statutory provisions covering two of the laches situations originally addressed by this Court's cases—reissue practice and the practice of copying claims from an issued patent to provoke an interference. *See* 35 U.S.C. §§ 135(b) (precluding claims copied from an issued patent unless made within one year of issuance) and 251-52 (precluding reissuance that enlarges scope of claims unless application is made within two years of original grant, and specifying protections for intervening uses). There is no question that Congress may choose to enact statutory rules to address particular abuses; and specific rules so adopted may, where they apply, largely or wholly supplant more general equitable standards that courts might otherwise invoke.

Continuation applications are, however, filed in a wide variety of circumstances, and Congress did not attempt to adopt bright-line rules to govern all of them. This is not a reissue or claim-copying case, and Congress's adoption of specific (and rather stringent) statutory time limitations for those situations does not affect the courts' continuing application of established equitable principles to other conduct by patent applicants such as Lemelson. *Cf. Warner-Jenkinson*, 520 U.S. at 28 (1952 provision addressing one aspect of doc-

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[10] Petitioner misplaces its reliance (Pet. 18-19) on the absence of a statutory provision expressly dealing with prosecution laches. The question is, instead, whether anything in the statute shows an intent to *displace* the existing doctrine. *See also* Pet. App. 9a-10a (discussing incorporation of existing defenses, including equitable defenses, through 35 U.S.C. § 282). Similarly, petitioner's discussion of congressional action or inaction on proposals to change continuing-application practice (Pet. 20-22) is beside the point. Congress's failure to enact fundamental changes to existing practice in 1952, and its decision to make such changes prospective in 1994, cannot be read to overrule, *sub silentio*, the decisions of this Court that had placed equitable outer limits *on the existing practice*.

trine of equivalents did not eliminate remainder of doctrine; "Absent something more compelling than the dubious negative inference offered by petitioner, the lengthy history of the doctrine of equivalents strongly supports . . . our refusal . . . to find that the Patent Act conflicts with that doctrine."). Indeed, it is illogical to suppose that when Congress imposed specific limits on, for example, reissue practice, it meant to foreclose any judicial check on alternative methods that might otherwise be used to similar ends. *Cf. Johnson & Johnston*, 285 F.3d at 1055 (citing reissue and continuation applications as alternative remedies for patentee "who inadvertently fails to claim disclosed subject matter"). The court of appeals therefore properly rejected petitioner's contention that the 1952 Act somehow abolished the doctrine of prosecution laches. Pet. App. 7a-10a.

c. Finally, petitioner argues (Pet. 23-25) that the doctrine of prosecution laches is poor policy, because it "curtail[s] patent rights granted by the [Patent] Act," disrupts expectations, exposes patent applicants to "the vagaries of . . . judicial judgment," promotes litigation, and disadvantages "inventor[s] of considerable foresight." Such arguments are "best addressed to Congress, not this Court." *Warner-Jenkinson*, 520 U.S. at 28. In any event, they lack merit here.

As we have explained, the prosecution laches doctrine does not contradict anything in the Patent Act, and forms *part of* the reasonable expectations of patent applicants. *See Festo*, 122 S. Ct. at 1841 ("[P]atent prosecution occurs in the light of [this Court's] case law."). An applicant is entitled to use ordinary procedures to prosecute claims and obtain patents in the ordinary course; but there can be no legitimate expectation that courts of equity will tolerate the misuse or abuse of those procedures in extraordinary cases such as this one. To the contrary, in that context the laches doctrine protects the legitimate expectations of those who independently create and commercialize new technology, or use and build on existing technology in the justifiable belief that it is in the public domain or covered only by known patent claims. *Cf.*

Webster, 264 U.S. at 467 (unreasonable delay in claiming "'in equity disables the party, who seeks to revive a right which he has allowed to lie unclaimed, from enforcing it to the detriment of those who have, in consequence, been led to act as though it were abandoned'" (quoting *Wollensak*, 115 U.S. at 99)); *Festo*, 122 S. Ct. at 1837 ("The [patent] monopoly is a property right; and like any property right, its boundaries should be clear. . . . A patent holder should know what he owns, and the public should know what he does not.").

The possibility of litigation, and the necessity of relying on the judgment and discretion of courts, is simply a feature of patent law, as of most other fields.[11] There is no reason to

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[11] Petitioner's argument suggests that patent law is characterized by clear statutory rights that are easily applied in all situations. Apart from the uncertain contours of central concepts such as novelty and non-obviousness (*see* 35 U.S.C. §§ 102-103), which often lead to litigation, patent law is shot through with equitable doctrines that supplement the statute, and may affect enforcement of a patent that satisfies every statutory requirement. One example particularly relevant to petitioner's contentions is *A.C. Aukerman Co.* v. *R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1029-32 (Fed. Cir. 1992) (en banc), which holds that even though 35 U.S.C. § 286 always limits infringement damages to the period six years before the filing of a complaint, in a particular case laches may limit recovery to a shorter period. *See also, e.g.*, *Festo*, 122 S. Ct. at 1838, 1840 (rejecting appellate decision meant to provide greater certainty, and reaffirming "flexible" equitable doctrine of prosecution-history estoppel); *Warner-Jenkinson*, *supra* (doctrine of equivalents); *Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U.S. 100, 135-36 (1969) (patent misuse); *Precision Instrument Mfg. Co.* v. *Automotive Maintenance Mach. Co.*, 324 U.S. 806, 816 (1945) (inequitable conduct or unclean hands); *Keystone Driller Co.* v. *General Excavator Co.*, 290 U.S. 240 (1933) ("infectious" unenforceability, based on inequitable conduct in prosecution of a different patent); *Westinghouse* v. *Boyden Power-Brake Co.*, 170 U.S. 537, 568 (1898) ("reverse" doctrine of equivalents, defeating liability despite literal infringement, where device sufficiently changed in principle); *Lane & Bodley Co.* v. *Locke*, 150 U.S. 193, 201 (1893) (laches in bringing infringement claim); *PerSeptive Biosystems, Inc.* v. *Pharmacia Biotech, Inc.*, 225 F.3d 1315, 1322 (Fed. Cir. 2000) ("The simple fact is that a patent may be valid yet be rendered un-

credit petitioner's prediction (Pet. 25) that reconfirming the existence of a longstanding doctrine will suddenly give rise to a "vast amount of burdensome . . . litigation." Colorable claims of prosecution laches will arise only in unusual cases, such as this one: Most patent applicants do not submit an initial application, draw out the "continuation" process for 36 years, and then seek to extract huge license fees on the basis of new patent claims specifically drawn to cover the products of an entire industry that has grown up in the meantime, entirely through the work of others.[12] And petitioner's suggestion (Pet. 24-25) that Mr. Lemelson was a visionary inventor, rather than an unusually aggressive manipulator of the patent process, prejudges matters that should be left for further exploration by the district court.

4. Petitioner also asks the Court to consider whether the courts of appeals may constitutionally continue their uniform practice of allowing individual panels to designate some of their decisions as non-precedential. Pet. 26-28. It is not clear, however, how the Court would ever reach that issue, unless it denied review on the first question presented. Otherwise, whatever decision this Court rendered concerning the continuing validity of the prosecution laches doctrine would surely moot any dispute over the previous precedential value

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enforceable for misuse or inequitable conduct." (internal quotation marks and citation omitted)); *In re Kaplan*, 789 F.2d 1574, 1580 (Fed. Cir. 1986) (obviousness-type double patenting).

[12] For instructive background concerning Mr. Lemelson and his practices, *see, e.g.*, *Ford Motor Co.* v. *Lemelson*, 40 U.S.P.Q.2d at 1351, 1360-61; Long, *Patent Signals*, 69 U. Chi. L. Rev. 625, 648 (2002); Varchaver, *The Patent King*, Fortune, May 14, 2001, at 203, 204 ("'In many cases, Lemelson didn't patent inventions,' says [a former Lemelson attorney]. 'He invented patents.'"); Andrews, *Rich in the 90's on Ideas Hatched in the 50's*, N.Y. Times, Nov. 13, 1992, at A1, D4; Gruley, *Inventor to Big 3: You Owe Me Millions*, Detroit News & Free Press, Apr. 4, 1993, at 1A, 14A; Yerton, *The Sky's the Limit*, Am. Law., May 1993, at 64; Seabrook, *The Flash of Genius*, New Yorker, Jan. 11, 1993, at 38, 50.

of unpublished (or, for that matter, published) opinions of the court of appeals addressing the same issue.

If this Court were to reach the second question, decide it in favor of petitioner, and remand the case without addressing the merits, the panel below would be bound to give precedential weight to the unpublished panel opinions on which petitioner sought to rely. On the other hand, whether or not the panel could distinguish those cases, it would have to accord controlling weight to this Court's decisions in *Webster* and like cases, and to a published decision of the Court of Claims that predated and thus should have bound, but was not cited by, the panels that rendered the unpublished decisions. *See Pratt & Whitney*, 345 F.2d at 843-44 (applying *Webster*); *South Corp.* v. *United States*, 690 F.2d 1368, 1369 (Fed. Cir. 1982) (en banc) (adopting pre-1982 decisions of the Court of Claims as binding precedent). Following ordinary rules of precedence, the panel would be bound to reach the same conclusion that is already reflected in the decision below. *See Newell Cos.* v. *Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988) ("Where there is a direct conflict [between panel decisions], the precedential decision is the first.").

In any event, as petitioner acknowledges (Pet. 27-28), while the practice of designating some panel opinions as nonprecedential has generated a degree of judicial and scholarly discussion in recent years, there is no conflict among the lower courts concerning whether that practice is constitutionally permissible. There is, accordingly, no current reason for this Court to grant review on that issue.[13] And apart from

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[13] Any desirable change in practice may, of course, be brought about through amendments to governing law or the federal rules. *See, e.g.*, Oversight Hearing on "Unpublished Judicial Opinions," Before Subcomm. on Courts, the Internet and Intellectual Property, House Comm. on the Judiciary, 107th Cong. (June 27, 2002); *see also id.* (testimony of Judge Samuel A. Alito, Jr.) (noting that in November 2002 the Advisory Committee on the Federal Rules of Appellate Procedure will consider proposing a uniform rule to govern citation of unpublished opinions.)

that constitutional question, how the courts of appeals manage and reconcile decisions of their different panels is principally a matter for those courts themselves. *Wisniewski* v. *United States*, 353 U.S. 901 (1957).[14]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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AUGUST 2002

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[14] The court of appeals denied petitioner's request that it rehear this case en banc. Pet. App. 32a-33a. Of the six judges who rendered the unpublished decisions petitioner cites, three (Judges Mayer, Bryson and Gajarsa) are still in active service, and all three voted against rehearing in this case. *Cf. Johnson & Johnston*, 285 F.3d at 1051-53, 1055 (rehearing case en banc to resolve conflict between two panel decisions and overruling one of them, in a 12-1 decision relying in part on this Court's decisions in *Miller* v. *Brass Co.*, *supra*, and *Mahn* v. *Harwood*, *supra*).

(3) No. 01-1855

Supreme Court, U.S.
FILED
AUG 19 2002
CLERK

IN THE

Supreme Court of the United States

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP,
Petitioner,

v.

SYMBOL TECHNOLOGIES, *et al.*,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF AMICI CURIAE WISCONSIN ALUMNI RESEARCH FOUNDATION, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, CORNELL RESEARCH FOUNDATION, INC., UNIVERSITY OF FLORIDA, SUNY RESEARCH FOUNDATION, UNIVERSITY OF VERMONT, OREGON HEALTH & SCIENCE UNIVERSITY, WASHINGTON RESEARCH FOUNDATION, THE AMERICAN COUNCIL ON EDUCATION, THE NATIONAL ASSOCIATION OF STATE UNIVERSITY AND LAND-GRANT COLLEGES, THE ASSOCIATION OF AMERICAN UNIVERSITIES, AND RESEARCH CORPORATION TECHNOLOGIES IN SUPPORT OF PETITIONER

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INTEREST OF THE AMICI CURIAE

The American Council on Education ("ACE") and the institutions listed below as *amici curiae* file this brief *Amici Curiae* in support of the Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit.[1] It is these universities and non-profit organizations that are at the forefront of new technological developments. The decision below undermines their work and provides uncertainties in the patent system, which system they rely upon as being stable and strong. As expressed during a hearing that led to the passage of the Bayh-Dole Act, the United States Senate was advised by the ACE, the Council on Governmental Relations of the National Association of Colleges and University Business Officers, the Society of University Patent Administrators, and the University of Wisconsin, Wisconsin Alumni Research Foundation that:

> As a practical matter, . . . the greater need for the patent incentive lies primarily with universities and non-profit organizations, and small business. Technology transfer by universities and non-profits depends entirely on the underlying patent position, . . . [G]iven the fact that most university-generated inventions are embryonic in nature and require a great deal of development, and often are ahead of their

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[1]Written consent to the filing of this brief has been obtained from the petitioner and respondents and is being filed herewith. No counsel for a party authored this brief in whole or in part, and no person or entity, other than the *amici curiae*, their members, or their counsel made a monetary contribution to the preparation or submission of this brief.

> time in the commercial sense . . . the *need for exclusivity* [is critical].

Patent Policy: Hearings Before the Subcomm. on Science, Technology, and Space Comm. on Commerce, Science, and Transportation, 96th Cong., 1st Sess., 243 (July 23, 1979)(statement of Howard W. Bremer on S. 1215 "Science and Technology Research and Development Utilization Policy Act")(emphasis added).

Amici consist of the ACE, and major academic institutions, which own thousands of patents and which invest billions of dollars annually in research that produces an ever expanding number of patents. The patents and the underlying technology enrich the nation, the universities, and improve the lives of the people of America and the rest of the world. *Amici* have a vital interest in protecting their existing patent assets and investments in research that will lead to new patents which provide the basis for licensing to the private sector and thereby to induce and encourage the development of new products and processes for the benefit of mankind.

Therefore, a number of the leading research universities and non-profit institutions in the United States appear today as *amici curiae* to assist this Court in protecting the strength and stability of the patent system and the "progress of science and the useful arts." U.S. Const., Art. I, §8, cl. 8.

Amici consist of: Wisconsin Alumni Research Foundation; The Regents of the University of California; Cornell Research Foundation, Inc.; University of Florida; SUNY Research Foundation; University of Vermont; Oregon Health & Science University; Washington Research Foundation; The American Council on Education; The National Association of State University and Land-Grant Colleges; The

Association of American Universities; and Research Corporation Technologies. Br. App. 1a-8a.

SUMMARY OF ARGUMENT

The majority below has created a new doctrine of "prosecution laches" that is without precedent, and in fact is directly contrary to statutory mandate and judicial rulings. The decision is an abrogation of the fundamental notion of the rule of law, that we are a nation of laws, not of men.

The immediate effect of the decision, if it were allowed to stand, will be felt by the thousands of owners of patents that matured from continuation or divisional applications whose patent properties suddenly have been undermined by this new, judicially-devised defense. The day before that decision, patent applicants could rely on the long standing provision of the Patent Statutes regarding continuation and divisional application procedures provided by 35 U.S.C. §§120 and 121, as well as judicial precedents pronouncing that "[a] party seeking a right under the patents statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one." *In re Hogan*, 559 F.2d 595, 603 (C.C.P.A. 1977), *citing United States v. American Bell Telephone Co.*, 167 U.S. 224, 247 (1897). Today, that reliance has evaporated -- supplanted by a newly created concept of unknown breadth, so-called "prosecution laches."

The more insidious effect is on the judiciary and the commonweal, as the decision undermines the rule of law. What distinguishes our country from most of the world is that we are governed by known rules, and not by the arbitrary decisions of people in power – one can plan one's affairs with the knowledge

of those rules, and the fair certainty that they will be uniformly applied. Rulings such as the one below eviscerate that confidence, just as they foster a mounting cynicism about the courts, as evidenced by the reluctant, but too often truthful, advises that members of the bar give to their clients: "It depends on who is on the panel."

The lower court's refusal to consider two "nonprecedential" decisions that are directly on point, but which came to diametrically opposite holdings from the Court, is contrary to the principle that courts will not "treat similarly situated litigants differently." *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 , 97 (1993).

Amici will suffer doubly from the decision. The decision creates a new cloud that covers many of their patents; continuation and divisional applications being commonplace for universities where typically the patented technology represents the results of basic research. The decision also exacerbates the difficulty of assessing the value of university patents, a prerequisite to determining the royalties to be charged, or deciding whether to enter into the costly venture of enforcing the patents in the courts. This is not simply because of this new cloud over patents born of continuation and divisional applications, but because of the heightened unpredictability of decisions by what is almost always the highest patent court in the land.

ARGUMENT

I. The Statute Provides No Time Limitations And So Say The Cases

The court below ignored the statute and precedent of its own court when it adopted this new defense of "prosecution laches." As Judge Newman, the dissenting judge below succinctly expressed:

> The long-standing rule, until today, is that when the statutory requirements for continuing applications are met, patents are not subject to attack on non-statutory grounds. It simply adds to the uncertainties of the patent grant, to create a new cause of action whereby routine actions, in full statutory compliance, can years later be challenged as having been done too late or having taken too long. The consequence of this new cause of action of 'prosecution laches' have not been explored, for this court is presented only with the concerns of those charged with infringing these Lemelson patents. However, the consequences are not limited to this case, but will open legally granted patents to a new source of satellite litigation of unforeseen scope, for the continuation practice is ubiquitous in patent prosecution.

Pet. App. at 14a-15a.

The Patent Statute explicitly provides that a patent applicant may file a continuation application based on an earlier application and "the application shall have the same effect, as

to such invention, as though filed on the date of the prior application . . .". 35 U.S.C. §120. This continuation practice is very common, as Judge Newman stated in her dissent, such "continuation practice is ubiquitous in patent prosecution" (Pet. App. 15a). The statute also provides that the Patent Office may require a divisional application, and it too "shall be entitled to the benefit of the filing date of the original application." 35 U.S.C. §121.[2] While there are defined limitations as to the circumstances under which a continuation or divisional application may be filed, there are no time limitations.

Without a statutory time limit, there is none, as explicitly stated by the Federal Circuit's binding precedent:

> A party seeking a right under the patents statutes may avail himself of all their provisions, and the court may not deny him the benefit of a single one. These are questions not of natural but of purely statutory right.

In re Hogan, 559 F.2d 595, 603 (C.C.P.A. 1977), *citing United States v. American Bell Telephone Co.*, 167 U.S. 224, 247

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[2] While the General Agreement on Tariffs and Trade ("GATT") has limited patent terms to twenty years from the date of the original application, patents filed before June 8, 1995 are not affected by GATT and *all* continuations filed anytime within the twenty year period are all still subject to this new doctrine of "prosecution laches" and "intervening rights".

(1897).[3]

The majority opinion below does not cite *In re Hogan*.

Earlier, the Court of Customs and Patent Appeals, in ruling that there is no limitation on the number of continuation applications that can be strung together, each successively relying on the earlier one to ultimately rely on the first filing date, observed:

> Finally, we would express the postscript to this opinion, as did the dissenting opinion of the board, that it is unfortunate that a patent should be granted on an application depending upon another application filed over 20 years ago. However, as the opinion of the board dissenters states . . . 'but the cure for this deplorable state of affairs rests with Congress, not with us. If a restriction is to be imposed, it must be based upon law . . .'

In re Hendriksen, 399 F.2d 253 (C.C.P.A. 1968), quoting *Ex Parte Hendriksen*, 154 USPQ 53, 61 (Bd. Pat. App. 1966) (Magil, dissenting in part).

The majority opinion below does not cite *In re Hendriksen*.

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[3] Decisions by the Federal Circuit's predecessor courts, the Court of Customs and Patent Appeals and the Court of Claims, are binding precedent on the Federal Circuit and cannot be overruled except upon *en banc* consideration. *South Corporation v. United States*, 690 F.2d 1368, 1370-1371 (Fed. Cir. 1982) (*en banc*).

Generally to the same effect, that a patentee is entitled to the earlier filing date as long as there is compliance with §§ 120 or 121, are the decisions in *Transco Products, Inc. v. Performance Contracting, Inc.*, 38 F.3d 551, 556 (Fed. Cir. 1994); *Racing Strollers, Inc. v. TRI Industries, Inc.*, 878 F.2d 1418, 1421 (Fed. Cir. 1989) (*en banc*); *Studiengesellschaft Kohle GmbH v. Northern Petrochemical Co.*, 784 F.2d 351, 357 (Fed. Cir. 1986); *In re Bauman*, 683 F.2d 405, 407 (C.C.P.A. 1982).

The majority opinion below does not cite any of these cases, except *Transco* on another point.

Rather, the majority turns to *Woodbridge v. United States*, 263 U.S. 50 (1923) and *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924), which Petitioner convincingly establishes are not on point. Pet. at 15-18.

The court below repudiated a long-standing rule of the patent laws, and in doing so again failed to recognize that "[f]undamental alterations in [settled] rules risk destroying the legitimate expectations of inventors in their property." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, ___ U.S. ___, 122 S. Ct. 1831, 1841 (2002). This Court should follow the lead of the dissent below and "should lay to rest this new source of uncertainty and variability in continuation practices, lest we insert a taint into every patent that has invoked these statutory procedures." Pet. App. at 19a.

II. There Must Be Some Exceptions To The Nonprecedential Decisions Rules

The panel below was not only confronted with all of these binding precedents, each of which was cited by Petitioner,

but by two of its "nonprecedential" decisions that addressed and ruled upon the precise issue presented: Can the courts impose a time limitation on 35 U.S.C. §§ 120 or 121 via "prosecutional laches?" *See Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir. Feb. 18, 1999); *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. May 26, 1988).

The majority opinion does not cite either of these cases.

Notably, on Petitioner's motion, the court did allow discussion of these two "nonprecedential" cases. But having opened the discussion, it decided not to address the merits of those cases, in favor of bolstering the necessity and constitutionality of Fed. Cir. R. 47.6(b), barring citation of decisions designated "nonprecedential." Pet. App. at 10a-13a. It is striking that this "rule" of the court below is wholly sacrosanct and categorically binding, while the mandate of Congress, and the prior decisions of this Court are essentially dismissed without benefit of analysis.

The more established rule of Anglo-American jurisprudence, to not "treat similarly situated litigants differently," required more of the court below. *See Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 , 97 (1993), *quoting American Trucking Ass'ns, Inc. v. Smith*, 496 U.S. 167, 214 (1990) (Stevens, J., dissenting). The facts are that, in two prior decisions, the panels had "unanimously determined," pursuant to Fed. Cir. R. 47.6(b), that the decision on the precise issue before the court below did not add "significantly to the body" of law, and therefore the decisions could never be cited to the court. Yet, these decisions were directly contrary to the majority opinion below.

Obviously, something was amiss, and there were but two possibilities. Either the earlier panels were correct in designating the decisions nonprecedential, based on *In re Hogan*, 559 F.2d 595, 603, and *In re Hendriksen*, 399 F.2d 253, 262, in which event, these earlier precedents were controlling, and the majority was bound to follow them, or at the very least, to send the case to the court sitting *en banc*. *South Corp.*, 690 F.2d at 1370-1371 (*en banc*); or the earlier panels were incorrect in designating the decisions nonprecedential, meaning that the decisions should have been designated precedential, and the majority was bound to follow them, or send them to the *en banc* panel. Either way, there was binding precedent that went directly opposite to the majority's opinion.

The dichotomy is universal to all "nonprecedential" decisions from all of the circuit courts of appeals: when cases are so designated, the designation is either correct, in which case, the litigants have earlier authority on which to rely, or the designation is incorrect, in which case, the mistakenly designated decision should be deemed precedential. Otherwise, as illustrated by the opinion below, a court will promote the possibility of error thereby treating "similarly situated litigants differently." *Harper*, 509 U.S. at 97.

In light of the opinion below, and the conflicting discussions of this issue in *Anastasoff v. United States*, 223 F.3d 898, *vacated as moot*, 235 F.3d 1054 (8th Cir. 2000) (*en banc*); *Hart v. Massanari*, 266 F.3d 1155 (9th Cir. 2001); and *Williams v. Dallas Area Rapid Transit*, 256 F.3d 260, 262 (5th Cir. 2001) (Smith, J., dissenting from denial of rehearing *en banc*), this Court should address this issue. *See* Pet. at 26-28.

III. The Holding Devalues The Patent Portfolios Of *Amici*

The commonplace notion that the inventor makes a discovery, cries *eureka*, and obtains a patent does not fit with reality. While the specification, which describes the state of the art, the research, and ideas of the inventor, can be prepared relatively early in the application procedure, the patent claims are far more difficult to draw. That difficulty increases geometrically with basic research, which is the principal research of the *amici* universities. The transistor, for example, developed at Bell Laboratories in the 1940s, was initially conceived as being potentially useful in telephone switches. Today, we know that the world was transformed by that invention.

The U.S. patent laws have long provided that a patent applicant can file a continuation application based on his initial specification and retain the critical rights to the original filing date. Because of the universities' basic research, for decades, *amici* have been relying on the established right, as pronounced in the patent laws and court decisions, that a continuation or divisional application was, *without question*, entitled to the earlier application date. There was simply no defense that could arise, as long as the established rules were followed.

The decision below tore away that certainty, and has placed a cloud over thousands of university patents, not only those of the *amici* but also those of other universities, non-profit institutions and small businesses operating under the Bayh-Dole Act. It is of course impossible to calculate at this early date the extent of the harm, but it is transparently clear that the costs will be immense.

Included in those costs will be the potential loss to the public of products and processes which find patent protection deriving from continuation, divisional and continuation-in-part practices. The uncertainty to which the majority decision and opinion inject into the practices involving these kinds of patent applications will inevitably lead to greater difficulty in licensing the claimed invention to the private sector for development for the public benefit. That outcome can deprive the public of products beneficial to the public health and safety and can even threaten the technological leadership of the United States in the global economy.

One can also construe the court's decision with reference to "intervening rights" as a genesis and endorsement of prior user rights as a defense against infringement - the broad concept of which was rejected by Congress in the recently passed American Inventors Protection Act of 1999. Pub. L. 106-113.

Moreover, the effect on *amici* is magnified due to the early nature of many of *amici's* discoveries. The Bayh-Dole Act reflects a national policy to encourage patenting and licensing of rights in federally-funded university inventions. But because of the basic nature of many university discoveries, the resulting patent claims are (1) of broad scope (therefore more subject to "restriction" which divides the patent application up into multiple cases each having to be pursued separately); and (2) subject to important, newly-added improvements discovered after filing the original case (which can be added by filing a continuation-in-part of the original case). Fashioning claims in new technology areas, which the examiners of the U.S. Patent and Trademark Office and the patent bar have not seen before, can lead to protracted prosecution as the parties seek, for example, the best expression of the invention, as has happened in the biotechnology area

where many of the *amici's* inventions are directed. *Amici* have such cases still pending before the Patent Office after more than a decade through no fault of *amici*. These cases, and other similarly "delayed", are due more to a patent applicant coming to grips with new technology, rather than "fault" of applicants engaging in some nefarious activity. Yet, the result of the decision below will be to undercut the value of patent portfolios, developed after years of effort, as a result of this new, retroactive statutory baseless doctrine of intervening rights.

The damage that will be done by retroactively changing the patent law on which *amici*, and the rest of the patenting public, have confidently relied is an abrogation of the rule of law. It need not have been. As Judge Newman observed in her dissent:

> I have no doubt that compliance with statutory law can lead to inequity in individual cases. However, unless one is prepared to abandon the rule of law in favor of subjective judicial preferences, when there is a statute it must prevail.

Pet. App. at 16a.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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Overview of Research, Development, and Transfer Activities of Amici

Wisconsin Alumni Research Foundation ("WARF") was established as a non-profit entity to promote, encourage, and aid scientific investigation and research at the University of Wisconsin-Madison. To achieve this goal, its primary activities include promoting innovation, managing patents, and funding research. Founded in 1925, among its first actions was to patent Professor Harry Steenback's breakthrough discoveries in vitamin D. In 1927, WARF granted its first license for vitamin D supplements, which ultimately led to the worldwide elimination of rickets by the 1940's. Today, among WARF's most important patents are: the blood anticoagulant Warfarin; a coding process making pills easier to swallow; treatments for osteoporosis and cancer; magnetic resonance techniques; and a discovery known as the "Wisconsin Solution" that prolongs the use of transplant organs. All of WARF's 3,000 discoveries are administered with a commitment to continuing research, public education, and vigilance in protecting the public interest by enforcing quality control and preventing the unscrupulous exploitation of technologies.

The Regents Of The University Of California provides for technology transfer from ten campuses and five medical schools in the State, and three national laboratories operated by the University system on behalf of the U.S. Department of Energy. Currently, there are more than 3,000 ongoing research projects supervised by 13,000 principal investigators. These efforts in the last ten years have led to three Nobel laureates in a long list of pioneering research discoveries in biochemistry, bioengineering, cell biology, disease procedures, development biology, endocrinology, genetics, immunology, neurobiology, oral biology, pharmacy, and pharmacology. Example of specific discoveries include: the Cohen Boyer process for gene

splicing (a co-invention of Standford University and the University of California San Francisco ("UCSF")); the Hepatitis B vaccine (UCSF); a human growth hormone; and a method to treat aneurysms by use of a catheter instead of opening the skull (UCLA). UCSF also has contributed to cochlear implants to help the hearing impaired. UC Davis has contributed to a method detecting feline immune deficiency virus. Lawrence Livermore National Laboratory has contributed to a method for detecting feline immune deficiency virus. Lawrence Livermore National Laboratory has contributed to a method for detecting chromosome abnormalities, now successfully commercialized through FDA approvals to a company dedicated to the technology. UC Irvine has contributed to a laser system to enhance treatment of skin conditions. UC Riverside has contributed to a new phosphorus fertilizer. UC Berkeley and UC San Diego have contributed to fluorescence detection systems used in manipulation of cells. UC Santa Barbara has contributed to a new atomic force microscope.

Cornell Research Foundation, Inc. ("CRF") is a non-profit subsidiary of Cornell University responsible for the evaluation, protection, and commercialization of innovations resulting from its research programs. CRF has issued over 800 active licenses to more than 250 companies and has helped create a number of start-up companies. The products of these enterprises include: flat-screen TV's; Web-based video editing techniques; methods for improving agricultural crops; novel ways of producing Internet switching devices; a fortified powdered orange drink to improve children's growth and mental development; biodegradable hydro-gels that deliver medications inside the body; and anchor skin and vascular grafts; a new light weight polymer material reinforced with glass or carbon fibers stronger than steel; self-guided robots that can "think" – and play championship soccer; behavioral

economics techniques that analyze how and why people mismanage money; a method of eliminating deadly E-coli 0157:H7 bacteria from meat; and ways by which on-shore pollution causes disease in the ocean.

University Of Florida established the non-profit University of Florida Research Foundation, Inc. in 1986 to promote, encourage, and provide assistance to the research activities of university faculty, staff, and students. Its mission is to provide the means by which research can be conducted flexibly and efficiently and discoveries, inventions, processes, and work products can be transferred from laboratory to the public. The funds generated by licensing such technologies are used to enhance research at the University of Florida, which has more than 100 service and education centers, bureaus, and institutes. More than two dozen faculty are members of the National Academies of Science and/or Engineering, the Institute of Medicine, or a counterpart in another nation. Among its most prominent research affiliates are the University of Florida's Brian Institute, Health Science Center, National High Magnetic Field Laboratory, and Whitney Marine Laboratory.

SUNY Research Foundation is a private, non-profit educational corporation responsible for the administration of externally-funded contracts and grants for and on behalf of the State University of New York. In 1990-2000, SUNY Research Foundation sponsored more than 7,500 programs to facilitate research, education, and public service at 30 state-operated locations. The State University of New York's research contributions are helping to solve some of today's most urgent problems. At the same time, contracts and grants received by university faculty directly benefit the economic development of the regions in which they are located. The State University of New York researchers pioneered nuclear magnetic resonance imaging and the supermarket bar code scanner, introduced

time-lapse photography of forestry subjects, isolated the bacteria that causes Lyme disease, and developed the first implantable heart pacemaker. Other researchers continue important studies in such wide-ranging areas as breast cancer, immunology, marine biology, sickle-cell anemia, robotics, and make hundreds of other contributions, inventions and innovations for the benefit of society.

University of Vermont ("UVM") is the state's only comprehensive research university. It is a national leader in identifying effective practices for educating children with disabilities and the university's research has helped stop smoking, promote effective breast cancer screening, and prevent AIDS and diabetes. Environmental research has been critical in lake and river quality, tracking fish senses, and fish breeding habits and health. UVM has been active in the transfer of technologies to Vermont business, which has created jobs and support innovation. For example, it has provided technical support to a Vermont company in x-ray lithography and the university is linked with a business that is experimenting in polymer to address a semiconductor adhesion problem. UVM research also has developed optical switches for communication systems. UVM plays a central role in the Vermont Technology Council, which has helped create links with business, academia, and state government to benefit Vermont's economy.

Oregon Health & Science University ("OHSU"). OHSU's fundamental purpose is to improve human health. It accomplishes this mission by: educating physicians, dentists, nurses, biomedical scientists and allied health professionals; conducting basic and applied research on the prevention, treatment and cure of diseases and injuries; providing comprehensive, innovative and cutting-edge patient care; and

improving access to care and education through its public service and outreach activities. In the past decade, some of the nation's most accomplished scientists have flocked to OHSU. Accordingly, OHSU has a well-earned reputation as a premier biomedical research institution and now maintains multimillion dollar, multiyear training and research grants in such areas as neurodegenerative disease (*e.g.*, Alzheimer's and Parkinson's), addictive disorders, stress, cancer, heart disease, genetic disorders, stroke, sleep disorders, neurosciences, toxicology, physiology and pharmacology, eye disorders, hearing loss, hypertension and clinical nutrition. OHSU scientists announce breakthroughs and innovations about every seven days. Approximately 1,500 scientists are working on basic and applied research projects at present.

Washington Research Foundation ("WRF") assists Washington State University research institutions with emerging technologies, through intellectual property management and start-up investment activities, primarily with local private technology companies. The University of Washington has over 90 specialized research centers and institutes, which focus on such areas as marina resources, transportation, women's health, and managing pain, which are supported by WRF. WRF also has been a leading institution in technology transfer partnering with local business, several of which are described below. Amnis Corporation, a Seattle-based start-up founded in 1998, is developing high throughput laboratory automation tools that use a novel molecule detection technology. Theorus Corporation, based in Seattle, is commercializing therapeutic ultrasound products that provide effective, non-invasive surgical management of benign and malignant lesions, trauma conditions and selected functional disorders. The first application of its TheraSeal™ System is arterial puncture sealing. EKOS Corporation, a Bothell, Washington medical device company, is developing

technologies that use localized ultrasound to facilitate, enhance, or control the delivery or activation of drugs at a targeted tissue site. Micronics, Inc., based in Redmond, develops and commercializes innovative healthcare products using the unique capabilities of Micro Electro Mechanical Systems (MEMS) technology. Corus Pharma, Inc., based in Seattle, develops pharmaceutical products that address unmet needs in infectious disease and respiratory disorders. Point of CareWare, a Bellevue, Washington start-up, develops, markets, and supports products designed to improve the operations and quality of care provided by Post Acute Care facilities. Confirma, Inc., based in Kirkland, Washington, is a medical device company focused on developing and marketing magnetic resonance data analysis software and database products, which help physicians make more informed decisions. The company's lead product enables radiologists to interpret MRI images with greater precision and confidence for staging, therapeutic monitoring, and detection of recurrent solid tumor cancers. Koronis Pharmaceuticals, Inc. was founded in 1998 to discover and develop antiviral small molecule drugs, with a particular focus on therapies for chronic viral diseases including those caused by the human immunodeficiency virus (HIV), hepatitis B virus (HBV), and hepatitis C virus (HCV). Lumera Corp. develops electro-photonic components based on proprietary polymer materials licensed from the University of Washington. nLight Photonics Corp., based in Seattle, is developing subsystems that will expand the capabilities and performance of optical networks. nLight's proprietary technology and manufacturing expertise will enable high-performance, cost effective networks. Intelligent Ion, based in Seattle, is developing a miniature mass spectrometer based on proprietary technologies developed at the University of Washington and California Institute of Technology/Jet Propulsion Laboratory. Intelligent Ion is focusing its products for applications in the chemical industry and environmental

market. Ostex International, Inc., is engaged in the discovery, development, and commercialization of diagnostics and therapeutics for diseases of the skeleton and connective tissues.

The American Council On Education ("ACE"), founded in 1918, is the nation's coordinating higher education association. ACE is dedicated to the belief that equal education opportunity and a strong higher education system are essential cornerstones of a democratic society. ACE's 1,800 members include accredited, degree-granting colleges and universities from all sectors of higher education and other education and education-related organizations. ACE is a forum for the discussion of major issues related to higher education and its potential to contribute to the quality of American life. The American Counsel on Education represents regularly before the United States Supreme Court, other federal courts, Congress, and federal agencies.

The National Association Of State Universities And Land-Grant Colleges was founded in 1887 and is the nation's oldest higher education institution, including public universities, land-grant institutions, and many of the nation's public university systems. As of October 2000, Association membership included 212 institutions, including 75 land-grant universities (of which 17 historically were designated as black public institutions under Second Morrill Act of 1890) and 28 public higher education systems. Tribal colleges became land-grant institutions in 1994 and 30 are represented by the Association through the membership of the American Indian Higher Education Consortium.

The Association of American Universities was founded in 1990 by a group of 14 universities offering the Ph.D. degree. Today, the Association has 61 American universities as members, approximately half of which are public institutions

and half are private. The Association assists members in developing national policy positions on issues that relate to academic research and graduate and processional education. In matters of national science and research policy, the Association is actively involved with a broad cross-section of organizations, including the National Academies of Science and Engineering and the Institute of Medicine.

Research Corporation Technologies is an independent technology management company that provides commercialization services to academia and industry and has been pivotal in the success of many important pharmaceuticals, diagnostics, biotechnology products, new materials and processes.

Supreme Court, U.S.
FILED
AUG 23 2002
OFFICE OF THE CLERK

No. 01-1855

IN THE

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LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, LIMITED PARTNERSHIP
Petitioner,

v.

SYMBOL TECHNOLOGIES, *et al.*,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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REPLY BRIEF FOR PETITIONER

I. Section 120 of the Patent Act specifies that applicants filing continuation applications in accordance with its terms are entitled to the filing date of an earlier application so long as they filed the later application "before the patenting or abandonment of or termination of proceedings on" the prior application. 35 U.S.C. §120. In our petition we noted that this statutory right reflects a basic patent law principle: that simultaneously pending applications are regarded as part of a single application bearing the date of the original. Pet. 9; *see Godfrey v. Eames*, 68 U.S. (1 Wall.) 317 (1864). We further noted that, for several decades, the Federal Circuit and the Court of Customs and Patent Appeals have held that the requirements of the Act are exclusive and that applicants meeting them are not to be denied their rights on the basis of nonstatutory doctrines like laches. *See* [illegible]3 (listing cases). Indeed, the Federal Circuit has tw[illegible]plicitly held

that delays in prosecuting a patent are not grounds for declaring the patent unenforceable. *See Ricoh Co. v. Nashua Corp.*, 1999 WL 88969 (Fed. Cir. 1999) (unpublished); *Bott v. Four Star Corp.*, 1988 WL 54107 (Fed. Cir. 1988) (unpublished). Its sudden contrary decision in this case, therefore, truly "disrupt[s] the settled expectations of the inventing community." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. 1831, 1841 (2002).

Respondents' defense of the Federal Circuit decision rests upon what is essentially a single point: that a 78-year-old decision of this Court, *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924), trumps both the express terms of the statute and the case law relying on those terms. According to respondents, this Court in *Webster* announced and applied a broad doctrine of "prosecution laches," a doctrine not limited (as many judges and experts had thought) to the copying of claims from the patent of another inventor. Br. in Opp. 13. Then, the argument goes, Congress carried forward this laches doctrine, albeit without saying so explicitly, when it passed the 1952 Act, effectively allowing the doctrine to modify the expressly conferred right to file applications at any time before patenting on a prior application. Br. in Opp. 18-21. As a result, despite the numerous decisions by the Federal Circuit and the Court of Customs and Patent Appeals rejecting nonstatutory laches defenses, inventors supposedly have been, or ought to have been, on notice that compliance with the express filing requirements of the statute was not enough. Br. in Opp. 21.

This chain of reasoning is, in our view, wrong on all counts. *See* pages 4-9 *infra*; Pet. 12-25. But, in any event, the issue needs to be resolved once and for all. This Court alone can say definitively whether *Webster* created a broad-based laches doctrine and whether, if so, that doctrine survived enactment of the provisions of Section 120. As Judge Newman noted below, Pet. App. 19a, the turnabout by the Federal Circuit has created a "new source of uncertainty

and variability in continuation practices," one that throws into doubt the legitimacy of important property rights. *See Festo Corp.*, 122 S. Ct. at 1841. The petition for certiorari should be granted.

1. Before turning to the merits, respondents first argue that the Court should deny review because the decision below is interlocutory (Br. in Opp. 9) and because Congress has amended the Patent Act with respect to applications filed after June 8, 1995. (Br. in Opp. 9-10). Neither argument is persuasive.

Respondents suggest no good reason why the interlocutory nature of the case should postpone review. As the Federal Circuit recognized, Pet. App. 4a, the question at issue is purely a legal one: whether "prosecution laches" curtails the time period allowed by the Patent Act for filing patent applications. No factual development is needed to answer that question, and the proceedings on remand will not be of any assistance in resolving it. Indeed, respondents themselves elected to bring an interlocutory appeal on this issue after the district court dismissed their laches defense—evidencing their belief at the time that a prompt decision about the existence or non-existence of the defense was important—and both lower courts agreed that interlocutory review was appropriate. The Federal Circuit having decided to depart from its earlier decisions holding that the express terms of the Patent Act are controlling, inventors now face considerable uncertainty about the validity of issued patents and pending patent applications. *See, e.g.*, Brief of Amici Curiae Wisconsin Alumni Research Foundation, *et al.* at 11-13. The need for timely review is thus even greater.

The recent amendments to the Patent Act likewise do not obviate the need for review. To begin with, the Federal Circuit did not confine its holding to applications under the pre-1995 patent system, thereby raising the prospect of "prosecution laches" challenges whenever a rival or accused

infringer regards the length of proceedings in the Patent and Trademark Office as possible grounds for blocking enforcement of a patent. Moreover, even if the decision had been so limited, it would still open the door to attacks on thousands and thousands of issued patents and still pending patent applications. Drawn-out proceedings before the Patent and Trademark Office have long been a fact of life, *see Abbott Laboratories v. Brennan*, 952 F.2d 1346, 1356 (Fed. Cir. 1991) ("we take notice that delay is ubiquitous in PTO proceedings"), and litigants now can employ this new tool fashioned by the Federal Circuit to argue at length about whether particular patents should have issued more promptly. Before patent holders are forced to bear the costs of this vexatious collateral litigation, they are entitled to know whether the doctrine of "prosecution laches" actually exists.

2. Respondents' discussion of the merits begins (Br. in Opp. 10-14) with an extended, though incomplete (*see* page 5 *infra*), review of the laches doctrine in this Court, which eventually confirms just what we said in the petition: that the Court has applied laches to defeat patent claims in two, and only two, situations: *first*, when an inventor sought to obtain reissuance of an already issued patent in order to add new claims (*see, e.g., Wollensak v. Reiher*, 115 U.S. 96 (1885)); and, *second*, when an inventor sought to add claims that were the same as, or substantially similar to, claims in a patent issued to another inventor (*see Webster*, 264 U.S. at 469). *See* Pet. 15-18. The Court rendered those decisions when the Act said nothing about the time for adding claims in a reissued patent or for copying claims, and Congress later expressly incorporated those laches doctrines into revisions of the Act. *See* 35 U.S.C. §§ 251-52; § 135(b)(1). That is the sum total—insofar as the filing of additional patent claims is concerned—of the laches doctrines recognized by Congress or this Court. Although the Court at times employed language that hinted at the possibility of broader laches doctrines (usually in cases that rejected laches defenses), *see*,

e.g., *Muncie Gear Works, Inc. v. Outboard, Machine & Mfg. Co.*, 315 U.S. 759 (1942); *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 168 (1938); *General Talking Pictures Corp. v. Western Electric Co.*, 304 U.S. 175 (1938), it never actually adopted any of these doctrines, and none of them became part of the Act.

The case law cited by respondents thus provides no footing for a free-wheeling doctrine of "prosecution laches." [1] What is most striking about their historical review, in fact, is a case that they do not cite: *Muncie Gear Works, Inc.*, *supra*. Many patent experts once regarded the decision in *Muncie Gear* (and not *Webster*, which *Muncie Gear* did not even cite) as a nonstatutory basis for a laches doctrine known as "late claiming," which would deny patent rights to inventors who added later claims, even though the inventors had already disclosed the subject matter of the claims in a prior application. *See generally* 4 *Chisum on Patents* § 11.05[1][e]-11.05[2][d] at 11-266-11-276 (1996). Had that view of *Muncie Gear* stood up, of course, it might well have provided some support for the decision of the Federal Circuit in this case, but it is now well-accepted, including by the Federal Circuit itself, that the doctrine of "late claiming" was illusory. *See Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1517 (Fed. Cir. 1984). Yet, for all intents and purposes, "prosecution laches" is just "late claiming" by another name. Like its predecessor, it should fall before the controlling terms of the Act.

With respect to *Webster* itself, respondents do not dispute that the challenged claims were essentially the same as claims in a previously issued patent, arguing only that judges and

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[1] Most of the cited cases involved reissue. Apart from *Webster*, the only non-reissue case to invalidate a patent was *Woodbridge v. United States*, 263 U.S. 50 (1923), which is not properly classified as a laches case at all since it ultimately turned on a "plain violation of the statutory law." *Id.* at 63.

patent experts differ on whether the holding of *Webster* is limited to "the interference context." Br. in Opp. 15. That assertion is correct up to a point,[2] although most of the cited experts, like respondents themselves, never squarely address the critical language in that case, which drew an analogy between "the case of a reissue patent and that of copying for interference" (264 U.S. at 469) and then pointedly declared that, "as applied to the present case" (*id.*), the laches principles governing reissue were also "controlling" with respect to copying. 264 U.S. at 469. That language seems to us, and to others as well, Pet. 17, to indicate that the Court was dealing very specifically with the narrow subject of delay in copying claims from another patent—the same subject that Congress then addressed in the enactment that eventually became Section 135(b). *See* Act of August 5, 1939, ch. 452, § 1, 53 Stat. 1213. But, in any event, the difference of opinion regarding the holding in *Webster* is less an argument for denying review than for granting it. If *Webster* is now, after a long period of dormancy, to take the place of *Muncie Gear* as the foundation for a broad doctrine of "prosecution laches," it is this Court, not the Federal Circuit, that should make that important judgment.

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[2] Since passage of the 1952 Patent Act, no appellate court decision has cited *Webster* as the basis for refusing to enforce a patent, with the possible exception of *Pratt & Whitney Co. v. United States*, 345 F.2d 838 (Ct. Cl. 1965), which simply adopted a Trial Commissioner's Report that, in turn, invalidated patent claims on several alternative grounds, including the discredited doctrine of "late claiming." Furthermore, as the Federal Circuit has made clear, the rule against untimely copying of claims from a patent issued to another inventor applies in *ex parte* proceedings as well as in interference proceedings. *See In re McGrew*, 120 F.3d 1236 (Fed. Cir. 1997). The point, therefore, is not that *Webster* (and Section 135(b)) are limited to "the interference context," Br. in Opp. 15, but rather that they operate to restrict the presentation of claims only when the claims are copied from, or substantially similar to, the claims in a previously issued patent. *See* Pet. 8.

3. Like the Federal Circuit, respondents take their time (Br. in Opp. 18-21) before addressing the governing statutory provision, 35 U.S.C. § 120. When they finally do so, their main point appears to be that "prosecution laches" will not interfere with the operation of Section 120 because patent applicants will still be able to get the benefit of an earlier filing date for their applications: all laches will do is make the patents unenforceable. Br. in Opp. 18. This hardly seems to be a sensible way of looking at the statutory scheme since it effectively takes away with one hand what was given with the other. *See generally Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 63 (1998) (rejecting judicially created standard "with no basis in the text" of relevant statutory provision). Moreover, respondents' strained effort to reconcile the statutory terms with the nonstatutory doctrine of "prosecution laches" neglects critical language in Section 120 itself. That provision specifically states that an application meeting the statutory requirements (including the time requirement of being filed before patenting, etc., on the earlier application) "*shall have the same effect*, as to [the] invention, *as though filed on the date of the prior application* . . . ." 35 U.S.C. § 120 (emphasis added). Quite obviously, a continuation application does not have the "same effect" as a prior application if it is deemed unenforceable precisely because it was filed at a later time.[3]

Respondents also acknowledge (Br. in Opp. 20) that, whereas Congress expressly incorporated judicially recognized laches doctrines into Section 251 and Section 135(b) of

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[3] Respondents correctly note (Br. in Opp. 19) that Section 120 does not express the time limit for filing applications in numerical terms (*e.g.*, 30 days or 1 year), but there is nothing magical about numerical limits as opposed to limits tied to the occurrence of a particular event. A legislature may require that a filing be made "by five o'clock" or, instead, that it be made "before the Post Office closes." Here, the relevant time is before patenting or certain other action on the prior application. *See* 35 U.S.C. § 120.

the Act, it did not expressly incorporate any "prosecution laches" doctrine into Section 120. Rather than taking this silence as evidence that "prosecution laches" was never a recognized doctrine, or that Congress chose not to make any further exceptions to the "one continuous application" principle, respondents simply say that Congress may sometimes "choose to enact statutory rules" (Br. in Opp. 20) and sometimes choose not to. What this truism leaves out, however, is any recognition of the repeated efforts by critics to limit the use of continuation and divisional applications, *see* Pet. 20-22, and, more importantly, the repeated refusal by Congress to impose those limits (*id.*). For decades, critics of the patent system complained that the law allowed inventors to obtain patents long after the filing of their original applications by employing a lengthy chain of continuation and divisional applications. The long-standing congressional resistance to proposals designed to restrict that practice, or to limit its effects, strongly suggests that its omission of additional time limits in Section 120, or anywhere else in the Act, was deliberate.[4]

Respondents also present (Br. in Opp. 21-23) various policy arguments, all revolving around the idea that it is necessary to place retroactive curbs on the practice of obtaining "submarine patents." While respondents seek to embellish this presentation by criticizing the inventive discoveries of Mr. Lemelson, Br. in Opp. 23, their discussion seems to assume that patents are available from the Patent and Trademark Office just for the asking. The critical point, however, is that an inventor who makes claims by means of a continuation or divisional application must demonstrate that

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[4] Congress eventually decided in 1994 to link the term of an issued patent to the date of application, rather than to the date of issuance. *See* 35 U.S.C. § 154(a)(2); *see* page 3 *supra*. It did not make the law retroactive, however, applying it only to applications filed after June 8, 1995. *Id.*

the newly claimed invention is disclosed *in the original application. See* 35 U.S.C. § 120; 35 U.S.C. § 112, ¶ 1. This exacting requirement demands not only that the original disclosure have been sufficient to enable someone skilled in the art to make and use the later-claimed invention, but also that it have described the invention in such terms as to demonstrate that the inventor was "in possession of the invention." *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1564 (Fed. Cir. 1991). Although respondents are silent about it, the Patent and Trademark Office—which, of course, was well aware of the time period between submission of the specifications and submission of the additional claims—determined that Mr. Lemelson had met the statutory requirements for each of his patented inventions. *See generally* 35 U.S.C. § 282 ("[a] patent shall be presumed valid.")

Respondents also contend that they should be able to assume that existing technology "is in the public domain or covered only by known patent claims." Br. in Opp. 21. This contention, however, is really just a quarrel with the way that Congress constructed the patent system. That system not only allows for the filing of continuation and divisional applications with the benefit of earlier filing dates, but it has deliberately provided for secret review of the applications.[5] What this means, and what respondents seem unwilling to accept, is that the emergence of a particular technology in the marketplace does *not* exclude the possibility that a pending, and still confidential, patent application will cover that technology. *See Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 874 (Fed. Cir. 1988). Respondents' "reliance" argument, therefore, is simply off-base.

II. Respondents' main point with regard to the constitutionality of disregarding unpublished opinions is a

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[5] In 1999 Congress relaxed the secrecy requirement to provide for publication of some patent applications after 18 months. *See* 35 U.S.C. § 122(b).

procedural one: that the Court would not be able to reach the issue "unless it denied review on the first question presented." Br. in Opp. 23. This argument is incorrect. The proper approach, we submit, is for the Court to grant the petition in its entirety, keeping before it both of the possible grounds for reversal. Even if the Court should choose not to reverse the Federal Circuit on both grounds, it might elect to order a reversal on the second ground, making it unnecessary to reach the first ground.[6] There will be time enough at the merits stage to decide what the proper sequence of decision should be.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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[6] If the Court should ultimately decide that the Federal Circuit must treat its unpublished decisions as precedent, it would then be for the Federal Circuit to decide what their precedential effect would be. Respondents' efforts to argue that point now (Br. in Opp. 24) put the cart before the horse.